



Converting Service Channels Into Sales Channels Promises **PROFIT GROWTH**



Jonathan Tanz
Companies that transform long-established service operations, such as call centers, into service and sales operations can expect revenue and profit growth rates, even in mature markets, says Jonathan Tanz, Research Director for Best Practices LLC.

Faced with escalating market demands to produce greater returns from existing corporate assets, executives at leading Fortune 500 organizations are increasingly converting traditional service channels into high-performance sales channels.

A research study from Best Practices LLC has found that world-class companies that have successfully transformed long-established service operations, such as call centers, into service and sales operations can expect double-digit revenue and profit growth rates, even in mature markets.

The study, Transforming Contact Centers Into High-Performing Sales Channels: Building Service that Sustains Sales, offers unique business insights into how leading companies drive sales by empowering service representatives to cross-sell and up-sell.

Collected from executive interviews and surveys, Best Practices' analysts provide a detailed blueprint of how successful organizations manage the service-to-sales shift, with particular focus on leadership, training and control, performance measurement and incentives, and organizational structure.

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Medco Analysis Profiles **PRESCRIPTION DRUG ABUSERS**

Data analysis by Medco Health Solutions Inc. provides a striking profile of potential abuse by people who file excessive prescription claims for drugs and how their risky habits are bilking the healthcare system.

Medco analyzed more than 1,000 prescriptions for patients identified for excessive prescription drug use. Of those patients, 50% were between the ages of 40 and 49, representing more than four times the number of high-using members between ages 20 and 29 and 11 times the number between 30 and 39 years of age.

The analysis revealed these patients likely engaged in serial acts of "doctor shopping" and received multiple, concurrent prescriptions that were filled by numerous retail pharmacies. On average, monthly prescription spending by high-using patients during the three-month analysis period (first quarter of 2004) exceeded \$400, nearly seven times the monthly drug costs of members without excessive prescription claims.

"This analysis presents a stark contrast to widely accepted views on prescription drug abuse and prescription fraud and may provide the clearest picture of who these people are and how they are trying to subvert the system," says Dr. Glen Stettin, VP of plan management, at Medco. "The costs of abuse and fraud are staggering for the healthcare system

MAJOR FINDINGS IN MEDCO'S ANALYSIS OF RX ABUSERS

- ▶ Members identified in the high-use category filled prescriptions at **5** different pharmacies and received prescriptions from **6** different doctors. Some members received prescriptions from as many as **21** different doctors.
- ▶ **9** out of **10** prescriptions presented for dispensing by a member who filed excessive claims were dispensed from a retail pharmacy.
- ▶ **9** out of **10** cases of high users identified during the analysis period involved excessive claims for narcotics (opioids). Anti-anxiety medications, muscle relaxants, and hypnotic agents comprised the majority of the remainder of cases.

Source: Medco Health Solutions Inc., Franklin Lakes, N.J. For more information, visit medco.com.

and present a clear challenge that physicians, pharmacists, and benefit sponsors must collectively address."

The Medco analysis also found that a high-use management program was instrumental in identifying potential abusers and restricting them to the use of a single pharmacy, thus reducing excessive drug use by 32% among this population and decreasing benefit sponsor drug costs by almost 20%.

Electronic Information Exchange Drives **INCREASED INTEREST IN PERSONAL HEALTH RECORDS,** Study Finds

Almost 15% of the U.S. population has demonstrated an interest in personal health records, electronic health records that patients manage themselves.

According to analysis from Manhattan Research — Consumer Health Interactivity: Market Trends in Patient and Physician Connectivity — consumers need to move into a world of electronic information value exchange to reach the electronic comfort level that is necessary to capitalize on the benefits of personal health records.

"Interactive consumers — those performing health activities online beyond just reading static text — are not only valuable to health and pharmaceutical outlets, but are the driving force behind our movement toward a digitized nation," says Erika S. Fishman, senior analyst with Manhattan Research.

Along with those consumers who use personalized health Websites, subscribe to condition-specific online newsletters, and receive prescription-product updates via e-mail, Manhattan Research suggests that those patients who e-mail their physicians could be early adopters of personal health records. Specifically, 7.6 million consumers actively e-mail their physicians, demonstrating their willingness to exchange valuable health information across the Internet.



Erika Fishman

Consumers personalizing health sites, receiving online condition-specific newsletters, or receiving prescription product updates through e-mail are highly likely to take action, such as changing a behavior or making a different decision at the treatment level; they are also primed to move on to even more advanced activity online, such as accessing a personal health record, says Erika S. Fishman, Senior Analyst with Manhattan Research.

Many Agree on Potential Benefits of **ONSITE CLINICS IN RETAIL STORES**

Although only 7% of U.S. adults have ever used an onsite health clinic in a pharmacy or retail chain, vast majorities of adults agree that such clinics may be more convenient and accessible and may offer

some services at a lower cost. These are the findings of a Wall Street Journal Online/Harris Interactive Health-Care poll, which surveyed 2,245 U.S. adults in October 2005. Among those who have never gone to an in-store clinic for healthcare services, 59% say they would be not very or not at all likely to use such a clinic, and 41% say they would be somewhat or very likely to use one for basic medical services.

Nevertheless, large majorities of all adults see the convenience and affordability benefits these sites

offer, with 83% strongly or somewhat agreeing that onsite clinics can provide basic medical services when doctors' offices are closed; 78% agreeing that onsite health clinics offer a fast and easy way to get basic medical services; and 75% agreeing that onsite health clinics can provide low-cost basic services to people who otherwise might not be able to afford care.

The survey also found that many consumers express concern about the quality of care they would receive at these clinics, with 75% of adults strongly or

INTEREST IN RETAIL-BASED HEALTH CLINICS FOR BASIC MEDICAL SERVICES	
BASE: HAVE NOT USED AN ONSITE HEALTH CLINIC (2,114)	
Very/Somewhat Likely (NET)	41%
Very likely	10%
Somewhat likely	31%
Not Very/Not At All Likely (NET)	59%
Not very likely	32%
Not at all likely	27%

Source: Medco Health Solutions Inc., Franklin Lakes, Harris Interactive, Rochester, N.Y.
For more information, visit harrisinteractive.com.

SATISFACTION WITH RETAIL-BASED HEALTH CLINICS							
BASE: USED AN ONSITE HEALTH CLINIC (N=131)							
	Very/Somewhat Satisfied (NET)	Very Satisfied	Somewhat Satisfied	Not At All/Not Very Satisfied (NET)	Not Very Satisfied	Not at all Satisfied	Not Sure
Quality of care	89%	46%	44%	6%	5%	1%	4%
Cost	80%	42%	37%	12%	12%	*	8%
Convenience	92%	61%	31%	2%	2%	*	6%
Having qualified staff to provide care	88%	50%	38%	7%	7%	*	5%

Note: Percentages may not add up to 100% due to rounding. * Less than 0.5%.
Source: Medco Health Solutions Inc., Franklin Lakes, Harris Interactive, Rochester, N.Y.
For more information, visit harrisinteractive.com.

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somewhat agreeing that they would be worried that serious medical problems might not be accurately diagnosed; 71% agreeing that they would be worried about the qualifications of the staff; and 66% agreeing that onsite health clinics are just another way for big companies to make more money.

But those who have used onsite health clinics are generally satisfied with the various aspects of their experience. Ninety-two percent say they were most satisfied with its convenience, followed by the quality of care (89%), having qualified staff to provide the care (88%), and the cost (80%).

Study Details

PERFORMANCE MEASUREMENT SYSTEMS FOR MSL PROGRAMS



Dr. Jane Chin

Thought-leader management and medical science liaison (MSL) programs have consistently grown throughout the pharmaceutical industry. Their growth has led to more evolved and advanced program strategies that showcase MSLs' true roles as field-based scientific resources for thought leaders.

Industry interactions with thought leaders, however, tend to occur over the long term and at a less tactical level than interactions with high-volume prescribers within the medical community, making it difficult to measure the impact of thought leaders and the MSLs who oversee their relationships with pharmaceutical companies.

Cutting Edge Information, in collaboration with the Medical Science Liaison Institute, has released a study on medical science liaison (MSL) programs, including detailed performance measurement systems from top pharmaceutical companies.

The study report, entitled Next-Generation MSL Programs: Performance Metrics and Value, contains more than 300 metrics and features practices from top companies including Astra-

Zeneca, Wyeth, Genentech, and Novartis. It reveals the strategies, budgets, structures, headcounts, and performance measurement systems that pharmaceutical companies have in place to successfully cultivate and nurture lucrative thought leader relationships.



Elio Evangelista

The pharmaceutical industry is recognizing the significant impact thought leaders have on sales uptake, and consequently, top companies have responded by increasing their investments in thought leader relations, say the report's coauthors, Jane Chin, Ph.D., (top) President of the Medical Science Liaison Institute, and Elio Evangelista, Senior Research Analyst at Cutting Edge Information.

Aside from showcasing performance measurement systems, the report also features practices and strategies from industry leaders that have helped companies to build formal MSL teams separate from commercial operations; set thought-leader management and MSL program budgets; support thought-leader development activities with adequate MSL staffing; develop communications processes between MSLs and key stakeholders; and transform MSL programs into strategic value drivers.

EU DRUG HARMONIZATION Not Yet Streamlined

Hopes among pharmaceutical marketers that the integration of regulatory policies among European Union countries will facilitate the switch of prescription drugs to over-the-counter status may not be realized because the seamlessness of regulations within the EU may not necessarily exist, according to a study by Kline & Co.

Although a change in classification is possible, Kline's study — International Rx-to-OTC Switch Forecasts — found that, to date, the European Commission's European Medicines Evaluation Agency has

not issued centralized marketing authorization for any OTC product, nor has any prescription product been switched to OTC status using the centralized process.

In the EU, most switches have occurred at the national level and have been handled by each member state's national licensing authority. Regardless of inclusion in the EU, each nation still has its own national healthcare system that is administered differently.

"EU member nations can consider switches that happen in other EU countries, but the decision for a switch is still made at the national level," says Laura Mahecha, industry manager for the healthcare practice of Kline's research division. "Differences in language, cultures, and patient demographics are standing in the way of sweeping drug harmonization for switches."

Kline's report provides predictions of Rx-to-OTC switches in major national markets in Europe, the Asia-Pacific region, and North America.

In contrast to the EU, the report suggests that a more fluid example of regulatory coordination may be found in the agreement between Australia and New Zealand. These two countries have established a joint regulatory agency, the Trans Tasman Therapeutic Products Agency, which is expected to commence in July 2006 and replace the regulatory bodies in both countries.

Follow up

BEST PRACTICES LLC, Chapel Hill, N.C., is a research and consulting firm that works on the principle that organizations can chart a course to superior economic performance by studying the best business practices, operating tactics, and winning strategies of world-class organizations. For more information, visit best-in-class.com.

CUTTING EDGE INFORMATION, Durham, N.C., provides innovative, implementable research and consulting to the pharmaceutical and the financial-services industries. For more information, visit cuttingedgeinfo.com.

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MANHATTAN RESEARCH LLC, New York, is a marketing information and services firm focused on the intersection of technology and healthcare business trends. For more information, visit manhattanresearch.com.

MEDCO HEALTH SOLUTIONS INC., Franklin Lakes, N.J., manages prescription drug benefit programs that are designed to drive down the cost of pharmacy healthcare for private and public employers, health plans, labor unions, and government agencies of all sizes. For more information, visit medco.com.

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