

# Technology Makes CRM Possible



## DARLENE MANN

There are so many new technologies out there. **BUT PEOPLE GET EXCITED AND WRAPPED UP IN THE SEXY STUFF** and forget that the underlying core capability is what counts.

**T**he lifeblood of customer relationship management (CRM) is data. Many pharmaceutical companies are investing in CRM technology projects to capture and better analyze data related to their customers. At its most basic level, CRM is the application of technology to a series of established front-office processes, although it also has come to be applied to back-end processes.

But 44% of pharmaceutical CRM projects fail to meet implementation targets because of organizational rather than technical factors, according to a Datamonitor report. Pharmaceutical company executives interviewed by Datamonitor say the two biggest barriers to success are business process challenges, such as driving user uptake, and obtaining senior management buy in.

Datamonitor researchers say many pharmaceutical companies are focusing too much attention on current technologies and strategies without planning for the future. They say for the

## THE RELATIONSHIP MANAGERS

**MAURICIO BARBERI.** VP, marketing and product management, C3i Inc., New York; C3i is devoted to helping life-sciences companies realize the potential of their investment in CRM through consulting, systems implementation, training, help-desk, hardware, and outsourced application management services. For more information, visit [c3i-inc.com](http://c3i-inc.com).

**SAM BARCLAY.** VP, business development, StayinFront Inc., Fairfield, N.J.; StayinFront is a global provider of enterprise-wide CRM

applications, decision-support tools, and e-business systems. For more information, visit [stayinfront.com](http://stayinfront.com).

**DAVID BLUMBERG.** Health and life-sciences partner, Accenture, Philadelphia; Accenture is a management consulting and technology services company. For more information, visit [accenture.com](http://accenture.com).

**SHELI GUPTA.** VP and general manager, CRM effectiveness division, Dendrite International, Morristown, N.J.; Dendrite develops and delivers knowledge-based, technology-driven

solutions that increase the productivity of sales, marketing, and clinical processes for pharmaceutical and other life-science clients.

For more information, visit [dendrite.com](http://dendrite.com).

**JULIE HALL.** Practice director, customer relationship management, life-sciences practice, Unisys Corp., Blue Bell, Pa.; Unisys is a worldwide information technology services and solutions company. For more information, visit [unisys.com](http://unisys.com).

**MARK HASTINGS.** Senior manager, sales information, Solvay Pharmaceuticals Inc.,

Technology is a necessary enabler to allow pharmaceutical companies to implement effective customer-relationship management programs.

**IN THE FUTURE, CRM SOLUTIONS THAT GO  
BEYOND SALESFORCE AUTOMATION WILL PROVIDE  
VALUABLE DATA FOR MULTIPLE STAKEHOLDERS.**

Technology solutions that didn't live up to their promises are now being replaced by solutions that have power.

salesforce, pharma companies need to focus on bandwidth and speech recognition technologies.

With an estimated \$40 million spent in 2002 on CRM products and services, CRM is becoming the leading driver of technology spend and strategic technology focus in the pharmaceutical industry.

Datamonitor researchers say scalability and integration capabilities are two factors that allow companies to save on excessive future CRM implementation costs.

In addition, analysts say there is a gap between existing CRM strategic needs and the areas in which investment will be made. Analytical and operational CRM remain the areas of highest investment. Datamonitor researchers say channel and infrastructure development are under resourced.

Pharmaceutical companies that implement multi-channel CRM processes and technologies will gain a competitive advantage, outpacing their competitors that are only focused on salesforce automation, according to analysts at Gartner Research.

Beyond the traditional salesforce applications, future enterprises will leverage technology to link joint-marketing partners with other virtual team members, field sales reps, and medical scientific liaisons.

Gartner researchers predict that by 2005, organizations that effectively bring pharma-wide knowledge to the point of physician/customer contact will increase the impact (i.e. prescription writing) by as much as 15%.

Marietta, Ga.; Solvay Pharmaceuticals is research-based pharmaceutical company, active in the therapeutic areas of cardiology, gastroenterology, mental health, and women's health. For more information, visit [solvaypharmaceuticals-us.com](http://solvaypharmaceuticals-us.com).

**ROBERT JAMES.** VP, information technology, sales and marketing business systems, Novartis Pharmaceuticals Corp., East Hanover, N.J.; Novartis is a world leader in pharmaceuticals and consumer health. For more information, visit [pharma.us.novartis.com](http://pharma.us.novartis.com).

**DARLENE MANN.** CEO, Siperian Inc., San Mateo, Calif.; Siperian offers a comprehensive customer data integration solution. For more information, visit [siperian.com](http://siperian.com).

**RODDY MARTIN.** VP, industry strategy research, AMR Research, Boston; AMR Research is a research advisory company focused on enterprise software applications and infrastructure. For more information, visit [amrresearch.com](http://amrresearch.com).

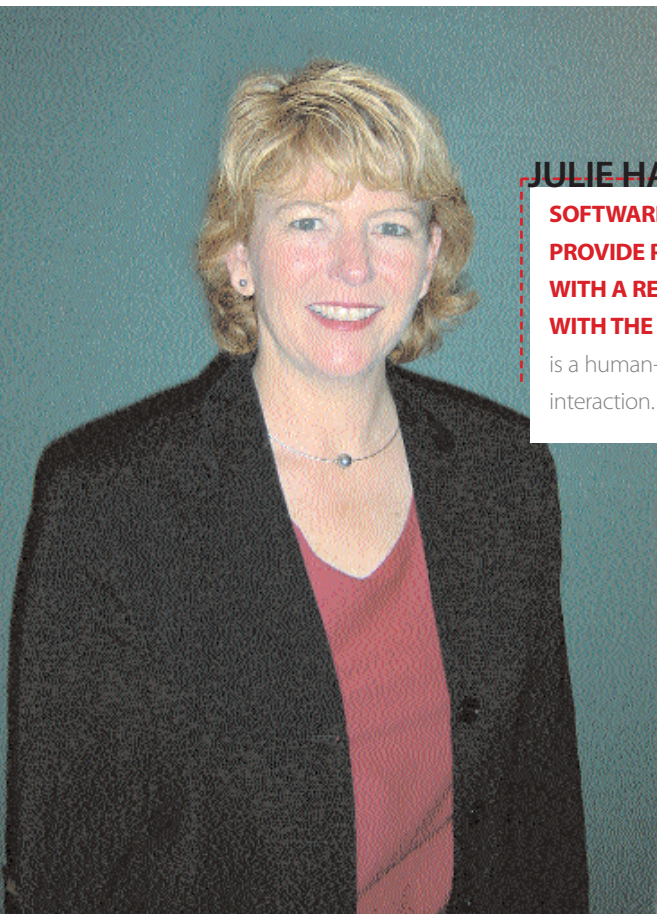
**LUBOS PAROBK.** Senior product manager, iAnywhere Solutions Inc., Dublin, Calif.;

iAnywhere, a subsidiary of Sybase Inc., is a leader in mobile databases and middleware. For more information, visit [ianywhere.com](http://ianywhere.com).

**ANURAG WADEHRA.** VP, marketing, Siperian Inc., San Mateo, Calif.; Siperian offers a comprehensive customer data integration solution. For more information, visit [siperian.com](http://siperian.com).

**THOMAS J. WELCH.** CEO, Welch Consulting Group Inc., Plymouth Meeting, Pa.; WCG provides strategic information management services. For more information, e-mail [welchtj@welchcg.com](mailto:welchtj@welchcg.com).





**JULIE HALL**

**SOFTWARE DOES NOT PROVIDE PHARMA REPS WITH A RELATIONSHIP WITH THE CUSTOMER.** This

is a human-to-human interaction.

**BARBERI.** There has been a lot of talk about embedded analytics. Instead of relying on home-office resources to do all of the analysis, all of the segmentation, all the targeting, field reps would be able to conduct their own

physician and market analyses. What's important is to create a sophisticated technology, but also to give a sales rep or marketing manager more capabilities in terms of reporting and basic analysis. This would allow them to slice and dice some of the data that are being collected to make decisions quickly and to refine target segments over time.

**HALL.** Another trend will be better leveraging of CRM practices across divisions. This is not done particularly well now. Pharmaceutical companies are finding that the end result of customer behavior is affected by many components within an enterprise. How pharmaceutical companies compensate a salesforce will ultimately trickle down to how the salesforce interacts with customers. If companies are not balancing this in the CRM enterprise, then CRM falls short.

**WELCH.** By the end of this year, wireless technologies will be prominent. There will be a blending of the cell phone and PDA into a multimobile, multimodal device that will have wireless voice, data, and video within the same unit. Sales representatives will be able to use this technology to capture signatures for sampling.

**BARCLAY.** We believe there are some significant improvements and gains in back-end software technology. On the front end, there will be improvements in the way that users interact with the software. At the moment, reps carry a hand-held or laptop device. When they are at their homes at night, they connect via a telephone and synchronize back to the home office. Wireless is starting to come of age; information will be distributed

in real time to the reps in the field. Wireless devices look great in magazines because they are fancy. What will have a much bigger impact on pharmaceutical companies are back-end data capabilities. The ability to slice and dice larger and more detailed sets of data and the ability to track data on prescription usage rather than just prescriptions written will have a significant impact. This is what the VPs of sales will get really excited about.

**WADEHRA.** Wireless is an interesting technology. We think the advantages are obvious and having access to information at any time and the ability to change that information from the wireless contact is a positive. But there also is a real danger in that wireless can exacerbate any data integrity and data reliability problem. There are a lot more people in the

## What the Future Holds

**GUPTA.** Analytics will be huge. There will be more focus on how the data are manipulated and processed in the home office and how the results, beyond raw data, are delivered to the rep. In the future, delivery of information will be via portals. Sales reps would have their own intranet portal, customized by user type. This is not a new concept outside the industry, and some pharma companies are already doing this.

**HASTINGS.** The next step of our CRM initiative is to evaluate enterprise applications and to integrate disparate data sources and determine how to bring everything together in a useful fashion.

**WELCH.** In the future, CRM has to focus on the back office. This is the only way the software has a chance of meeting the original goals of CRM.

**MANN.** In the long run, pharmaceutical companies will be able to look at their customers in aggregate for analytical purposes, but more importantly, individually, as a way to maintain that relationship in a much more positive manner.



**ANURAG WADEHRA**

**SIMPLY HAVING WIRELESS AS AN AVAILABLE TECHNOLOGY**

**COULD BE CHAOS** unless companies make sure that only the best information is available.

field accessing information faster than ever before, but that does not necessarily result in improved productivity if the information is bad. It comes back to having a reliable foundation around doctors, around customers, and around the organization. Simply having wireless as an available technology could be chaos unless there are reliable systems to make sure the best information is available.

**PAROBEK.** A case can be made for hand-held devices. The first point relates to adoption. From our customers' viewpoint, they've made an investment in CRM but they're not getting full CRM ROI because they simply are not receiving the quantity or quality of information that they expected from the field salesforce. The real area of payback is information about how many details have been entered into the system and how much more data are coming out of a mobile solution. The second point centers on salesforce effectiveness. Pharma reps are information brokers. They talk about the efficacy of their drugs. They talk about side effects. They talk about recent trials. They want to modify this message based on a particular doctor. From a mobile-solutions perspective, companies can give the rep this information on a hand-held device so the rep can view the doctor's prescribing habits during a visit. During the 20 minutes the rep spends waiting for the doctor, he or she can prep for that call and review the marketing messaging. This can drive the effectiveness of the salesforce.

## Steps to SUCCESS

**BARCLAY.** The definition of success in each project is a little different and depends on the business drivers that the company is trying to satisfy. For example, a pharmaceutical company might want reduce the amount of time sales representatives spend on administration and increase the time they have in front of doctors. In other words, companies might define success in terms of fewer clicks with the computer system. It is important to define criteria up front.

**BARBERI.** The ultimate goal is to have the ability to collect and integrate customer information across all touch points to increase profitability by selling more product more frequent-

ly and extending relationships into the future. Pharmaceutical companies want to be able to influence the collective behavior of physicians so that their products remain top of mind.

**HALL.** Having set expectations from all the integrated business units up front is very important. Also important is understanding what these units expect to receive from a CRM implementation, and then the pharmaceutical company has to measure progress. This will determine whether a CRM project was successful or not.

**GUPTA.** Before embarking on a CRM project, pharma companies need to understand what it is they are trying to accomplish. They also need to re-examine their business processes. We're all guilty of doing things the same old way. A lot of companies try to replicate old practices in a new software package. A new CRM implementation gives companies the opportunity to do business process re-engineering.

**HALL.** The first thing a pharmaceutical company should do is start with a business analysis and determine what it is trying to achieve and set some goals and expectations of what each implementation cycle will deliver. Then, assess applications and determine how well they fit the business as a way to more effectively collect and analyze information about customer behavior. This requires a human process.

**BARBERI.** Companies need to develop clear metrics. It's surprising that many pharmaceutical companies don't do this. Many rely on their favorite consultant to put together a business case that justifies the expense, and in some cases, they end up playing catch-up after looking at what the competition is doing. Deploying SFA and CRM capabilities has become the price of entry in this industry. The majority of pharmaceutical companies today — certainly all the large ones and most of the midsize ones — have replaced legacy SFA systems or put in place SFA for the first time.



**THOMAS WELCH**

**BY THE END OF THIS YEAR, WIRELESS TECHNOLOGIES WILL BE PROMINENT.** There will be a blending of the cell phone and PDA into a multimobile, multimodal device that will have wireless voice, data, and video within the same unit. Reps will be able to use it to capture signatures for sampling.

SFA is no longer a source of competitive differentiation.

**GUPTA.** Pharmaceutical companies need to have very strong end-user involvement from the beginning, especially in the definition of requirements. On the flip side, there has to be control over the scope of what those end users want. Usually, end users want the whole world. I suggest that companies don't try to do everything in one shot. The big-bang approach is one reason why projects fail.

**PAROBEK.** It is important to involve the field reps in the process. This involves identifying the company's business processes and making sure the right sales and business processes are in place, and then design the technology and systems — not the other way around. We've seen companies configure systems without thinking about their business and without talking to the reps to make sure the solution meets their needs. That's a recipe for disaster.

**JAMES.** We do a better job these days ensuring that we have the necessary buy in from our sales and marketing functions before we do technology projects. Importantly, we establish up front the required business processes and end-user behaviors before determining which technology makes sense.

**WELCH.** Currently CRM is a contact management tool. What pharmaceutical companies have to do is bring together the market research data, which is behavior and psychographic data, along with some of the professional demographics of their customers, and have all of the data about the relationship reflected in the database.



**MANN.** Pharmaceutical companies need to structure their approach to CRM from the base foundation and work upward. They should be able to leverage their existing investments. We encourage customers to take a step back and look at what their key issues are in terms of quality and reliability of information, as well as the timeliness of the information that they need.

**WELCH.** Pharmaceutical companies need a composite customer repository that contains all of the relationship data. Currently, they don't have all of that data, nor do they have the wherewithal to store all of that data. Each con-

tact with a customer is important but the data related to those contacts — the behavioral and psychographic information are also important — are not included in the technological offerings of today.

**BARBERI.** Projects will be outsourced to consulting companies, systems integrators, end-user training specialists, or

### MAURICIO BARBERI

CRM is a journey. It is not just an IT project that begins and ends and everything is magically better. **BECAUSE CRM IS SO COMPLEX AND FUNDAMENTALLY CHANGES THE WAY COMPANIES APPROACH BUSINESS**, it needs to be defined as a journey with multiple phases.



## THE PROMISE OF CLOSED-LOOP PROMOTION

**F**or the first time in 30 years, the pharmaceutical industry is poised to significantly change the way it markets and sells products to physicians. Moving beyond mass promotion, companies are beginning to use closed-loop promotion to arm sales representatives with tailored information and targeted messages for key physician segments.

The cornerstone of closed-loop promotion is innovative software using pen-based, touch-screen tablet computers, a new way of delivering content to physicians during the discussion with the sales representative. The processes that sit behind this new technology allow companies to regularly update visual aids, clinical reprints, opinion leader videos, case studies, physician surveys, education meeting invitations, and managed-care formulary data.

Companies piloting closed-loop promotion are increasing mass-market representatives' time with physicians from 90 seconds to five minutes, boosting message retention. Accenture predicts that by using this promotional approach, companies could increase sales by \$75 million on a \$500 million drug, while lowering marketing costs.

And like a flight data recorder, the new software automatically captures information from the interaction and updates the salesforce automation systems. This enables the pharmaceutical brand team and sales leaders to have a true window in the actual representative/physician interaction during a detail. This view into the call occurs across the entire salesforce automatically.

Accenture estimates that large pharmaceutical companies also can reduce wasted or destroyed promotional material by about 50% annually.

"The whole model of the salesforce is under a lot of pressure," says David Blumberg, health and life-sciences partner at Accenture. "There is going to be a lot of pressure to prove the existing salesforce model. We believe that closed-loop promotion is one way to make some significant improvements."

He says closed-loop promotion also would help to address physicians' desire for more and better information about drug products. A survey done last year by Accenture found that primary-care physicians say they want customized content, clinical evidence, and comparative analyses of medicines.

Physicians, on average, reported that about

one-third of sales visits are helpful, and 36% of physicians said they want more medical information, including current, comparative, or clinical data and analyses that are relevant to their practices, as well as objective sources of information on usage and side effects.

"We've seen software and hardware evolve within the last 12 months to 18 months that allows for closed-loop promotion," Mr. Blumberg says. "This allows companies to present a customized presentation to the doctor in an electronic format using all the various forms of media on one of the newer, more high-end tablet PCs in a very elegant way. The rep can go into the doctor with this customized presentation, and the rep can draw upon all the aspects that may or may not be in his or her typical black bag."

He says a system's ability to record what happens during the detail visit will provide marketers with more precision about what information individual doctors are interested in, and they will be able to mine that data to create better marketing messages.

Source: Accenture, Philadelphia. For more information, visit [accenture.com](http://accenture.com).

## 10 STEPS TO BETTER CRM IMPLEMENTATION

### 1 DEFINE THE NEED

The best way to begin selecting a vendor is to identify the business situation that dictates needs. Defining the need for a vendor is not simply a product-based audit. Corporations should take into account marketing factors, management factors, and technology factors.

### 2 SET PRIORITIES

Pharmaceutical companies should identify short-term and long-term priorities, stating clearly what is important, promoting strong research and solid business decisions. Most tools when implemented in a real-world business environment require some trade-offs. A clear sense of priorities fosters trade-offs that are in keeping with an organization's goals.

### 3 WEIGH THE ALTERNATIVES

Pharmaceutical companies should consider the advantages and disadvantages of building in-house infrastructure, against working with service bureaus and ASPs or seeking strategies partnerships. In-house infrastructure development is not necessarily the most ideal method by which to effectively implement CRM for an organization.

### 4 IDENTIFY SPECIFIC VENDORS

Accurate identification of vendors is a step that can be carried out in-house through matching the implementing organization's requirements with those of a selection of vendors.

### 5 SCREEN VENDORS BY PHONE

Vendor marketing materials can be confusing and misleading. Sales literature for almost every tool claims to provide desired functionality but substantial differences often exist in their approaches to that functionality.

Source: Datamonitor, New York. For more information, visit [datamonitor.com](http://datamonitor.com).

### 6 CONDUCT ON-SITE VISITS

On-site visits represent an important means by which pharmaceutical companies can evaluate research done about vendors. Including all stakeholders from sales, customer fulfillment, marketing, and IT in the on-site visit increases the depth and breadth of the discussion and can contribute toward significantly shortening time frames for implementation.

### 7 CHECK REFERENCES

Businesses that purchased and implemented a solution are a valuable source of useful information not only about the vendor but also on implementation, training, and ongoing support. Such businesses may have insights to share on issues that are affected by automation.

### 8 TEST THE SOFTWARE HANDS-ON

Hands-on experience can provide a firmer idea of the flexibility and functionality of a given piece of software. A variety of users should be encouraged to test, compare, and provide feedback, resulting in a close to field testing environment.

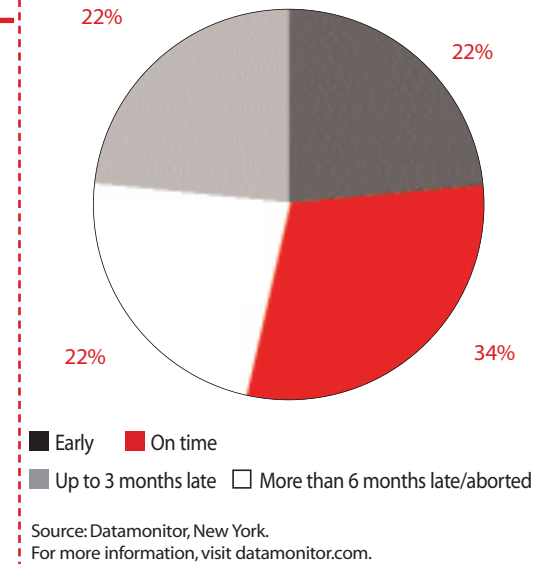
### 9 REQUEST PRICING PROPOSALS

Although marketers and technicians may be specific in defining needs, new issues often arise during the proposal stage. Pricing raises questions because every vendor has a unique pricing structure.

### 10 TIE PAYMENT TO PERFORMANCE

Negotiating a contract where the vendor gets paid only when the system is fully functional and the vendor is responsible and accountable for getting it there is the most optimal payment method.

## FAILURES AND IMPLEMENTATION TIMETABLES



ongoing support personnel, but companies need to take full ownership of the program. We have seen situations where ownership of the program has been delegated to the consultant or the systems integrator and that is a recipe for disaster. Pharmaceutical companies need to have strong program management, and then the execution of that program can be outsourced or delegated to one or several suppliers or vendors.

**MANN.** Suppliers need to provide solutions that map to customers' specific businesses as opposed to treating one company like another. Each pharmaceutical company does business differently. Each company has different underlying data sources and to sustain competitive advantage, suppliers need to be able to uniquely serve customers' CRM needs. This is not a cookie-cutter approach. As CRM suppliers, we need to deliver technologies that drive down the overall costs of deployment. So much of what's been done in the past has been done with expensive tools that require enormous amounts of system integration and implementation work. There's no need for such expensive endeavors, either in terms of initial implementation or long-term maintenance.

**JAMES.** Many vendors continue to sell the big holistic CRM solution or fully integrated data warehouse platform. Naturally, the cost to develop and support this is substantial and ROI is difficult to prove. In a business environment where change and flexibility are

expected I believe it's important not to lose sight of business goals and ensure practical platforms are established that support necessary data integration and information delivery requirements.

**BARBERI.** The successful software vendors are the ones that can offer vertical-specific solutions that enable the unique marketing, sales, and services processes in pharma. They need to deliver what I call integrated, multichannel CRM functionality. SFA may be the logical starting point, but as companies deploy new SFA technology, they need to be able to easily integrate SFA with marketing and with service. Eventually, this is the only way to fulfill the CRM vision. Software suppliers also have to offer embedded analytics, because CRM is about managing customer information. Pharmaceutical companies need to be able to look at customer information in new and unique ways to make better decisions and to push those insights out to the front lines where decisions can be made and actions taken.

**GUPTA.** In the past, suppliers often were not the implementers. They tended to make the sale and then disappear. Pharmaceutical companies need to negotiate the contracts so that ongoing involvement is assured and that the supplier is somewhat responsible for the success of the program.

**MANN.** Technology vendors should be giving their customers insights into how technology can improve their business over time and give customers evolutionary solutions so that they have the ability to build on systems to do more effective marketing in the future.

**JAMES.** Most vendors understand the importance of developing a strategic partnership and seek to understand the business environment and long-term objectives of the pharmaceutical company. It's not just about selling more software.

**BARBERI.** On the service side, it is important for service providers to have experience in and knowledge about the pharmaceutical industry. Experience and a real understanding of pharmaceutical sales, marketing, and service processes, as well as how technology enables these processes and how syndicated physician data is managed and analyzed, are absolute requirements for success in consulting and

systems integration.

**HALL.** Suppliers need to continue to focus on helping the pharmaceutical industry leverage tools in the context of this unique business environment. There's a tremendous amount of value that research can leverage from what's been learned in sales and marketing. Aligning processes and having neutral leverage across divisions is where the next level of competitive advantage will be.

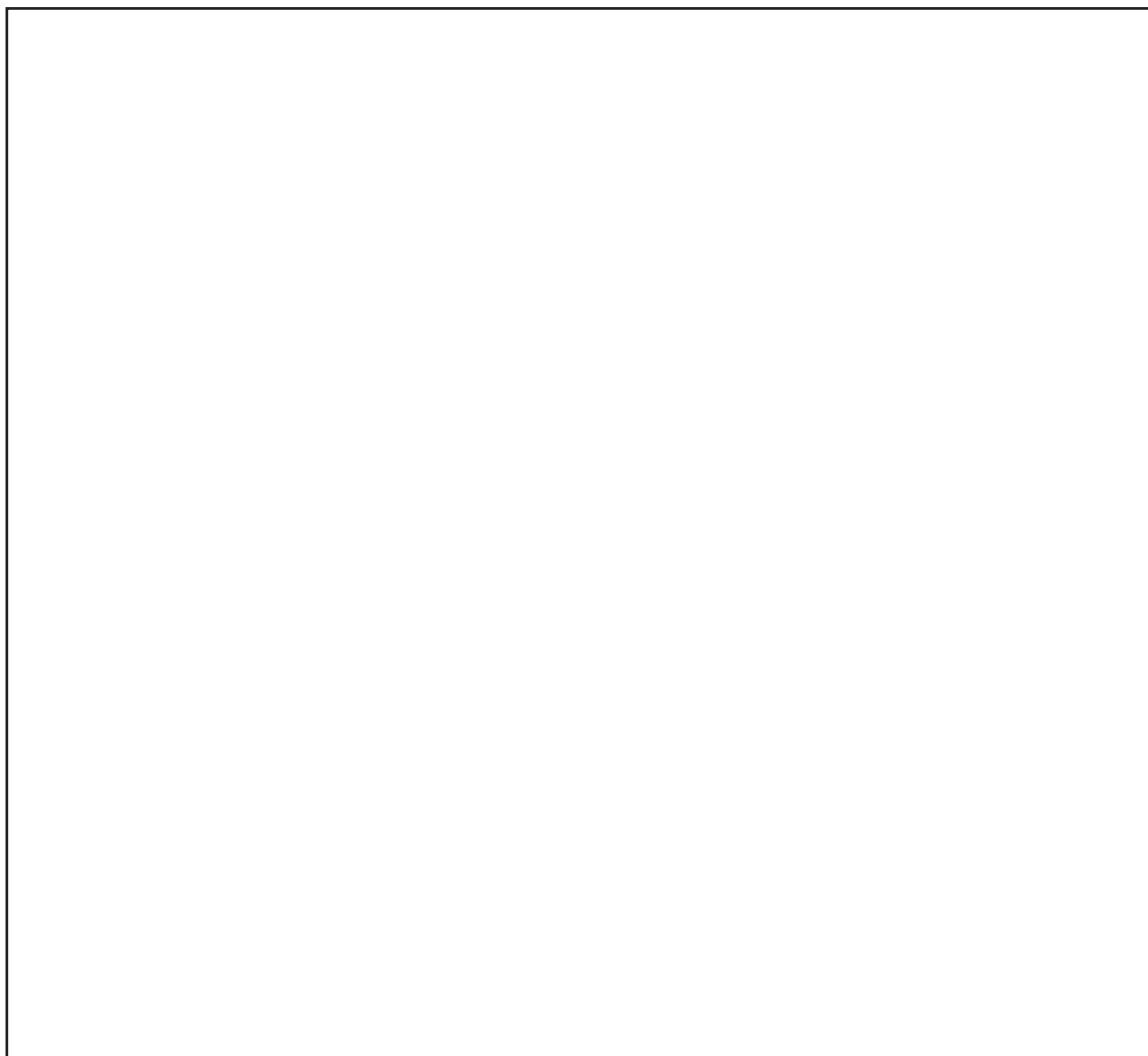
## Lessons LEARNED

**MANN.** There are a lot of dimensions to success and failure. Ultimately, I think use of the system by end users is one key indicator.

## LUBOS PAROBEK

### THERE IS DEFINITELY A RIGHT WAY AND A WRONG WAY TO ADOPT WIRELESS AND MOBILE TECHNOLOGIES.

In some ways, the typical usability problems of a desktop are magnified on the hand-held device.







**SAM BARCLAY**

**OFTEN SYSTEMS ARE TOO COMPLICATED FOR THE USERS TO GRASP.**

These systems try to be all things to all people and have every possible function that could ever be dreamed up rather than focusing on the actual needs of the users.

solution enabling better customer information that helps get the right message to the right people in the right timeframe. Typically, this holistic vision has required taking an incremental approach by first integrating information across the key customer channels and second leveraging this information to gain better insights on customer needs. As an industry, I think we have seen a mixed

bag in terms of success so far. For example, many companies have made good progress in salesforce automation especially when driven by process and behavior change first as opposed to just new technology. However, SFA is only one piece of CRM. The real challenge is the holistic integration of customer data and derivation of valid insights that lead to providing value back to customers.

**BARBERI.** I've seen numbers as high as 75% for CRM programs or projects that don't succeed. A lot of this has to do with the fact that companies didn't define clear goals and objectives for these projects or programs. In many cases, pharmaceutical companies saw their competitors embarking on CRM technology projects and decided they had to do something. They hired a consultant and picked a software vendor. Then, 18 months later, the pharmaceutical sales representatives or marketing teams had a new technology. But no one questioned why it was done, what was

expected, what were the true goals and objectives, or how the organization was supposed to transition from being product centric to being customer centric.

**JAMES.** There are always promising, new technologies with exciting potential. However, we often see them stall or fail because we don't really determine first and foremost the value proposition to the end customer. Today, physicians and patients have access to more information and communication channels than ever before. Arguably they're already at information overload but in an uncertain future they face more complexity and an even greater information challenge. For example, medical education, disease management, patient compliance, and product awareness are all areas where improved process and technology can provide substantial value to both physician and patient.

**WADEHRA.** CRM projects often succeed initially, but they may get abandoned in the field after being used for a quarter or two. This very often has to do with the quality of data feeding the CRM project. There might be a nice interface in place but the end users, the sales reps in the field, might get conflicting records.

**GUPTA.** I haven't seen many projects that have actually rolled out on time. I don't think I've heard of any that have come in on budget either. There are lots of reasons for

Another is the quality of the results with reference to the relationship with customers. The people who are using the system need to trust the information in that system.

**MARTIN.** Failure is a relative principle. Statistics show that CRM has had failures in achieving business value from sizeable IT investments. But, if we rephrase those statistics to be a large portion of CRM technologies are immaturely deployed, that it is a fair statement. If the organization is not ready for a CRM initiative and it puts a software application in place, it's likely to fail when the investment doesn't result in measurable business value. Most CRM applications have been deployed around salesforce automation concepts. But there is much more to improving margins and revenue in an organization than just salesforce effectiveness. Pharmaceutical companies are not leveraging the customer-facing demand driven supply network context to improve business margins and revenue. And that's because CRM has turned into a big data capturing and process automation application rather than having strong analytics to guide salesforce representatives and supply-chain segmentation in the right direction.

**JAMES.** Over the last 10 years, CRM vendors have consistently promised a comprehensive



**RODDY MARTIN**

**CRM IS AN ENABLER TO A BROADER SET OF RETURNS.**

Companies shouldn't look at systems in isolation. For this reason, analytics is an important capability because it provides the ability to ask questions and derive insights that become the basis of business planning and operations.





## ROBERT JAMES

The current status quo isn't likely going to remain the status quo.

**NEW CAPABILITIES WILL BECOME AVAILABLE THAT WILL HELP US DO A BETTER JOB** of providing value to physicians and consumers.

this. One is an unrealistic expectation of what the project was supposed to accomplish. The CRM technology implementation is usually only part of a broader project or program. The CRM solution is expected to solve all the world's problems. And generally it doesn't.

**JAMES.** We've made huge strides with regard to providing solutions today that are flexible, scalable, and allow us to respond very quickly with regard to changing business conditions. Looking back, that is something we struggled with. The systems in place today are specifically designed to keep pace with a very dynamic business environment.

**BLUMBERG.** The pharmaceutical industry concentrated its efforts on salesforce automation, which is really territory management, territory planning, and, in some cases, the rudimentary capture of what happened at the point of contact with the doctor. This has been a tremendous monetary investment. And while it addresses all the steps leading up to the magic moment — the moment with the doctor — there has been no real meaningful reinvention of what happens at the point of contact with the doctor.

**MANN.** Many CRM projects are initiated without thought about the reliability of the data. An important thing to remember is that clean data doesn't necessarily mean reliable data. For instance, a physician may have an office where he sees his patients. He may have university affiliations where he does research. He may have hospital affiliations. His state license information may go to his home address. All of those are clean and valid addresses, but they may not be the best address for a sales rep to contact a doctor or the best address to recruit that doctor as a clinical investigator.

**BARCLAY.** One of the classic mistakes in CRM is to buy "bloat ware" because it's got every feature that pharmaceutical companies could ever possibly want or need. In the case of sales representatives in the field, they need very specific things. Many customers are capturing similar data, and doing similar things with the information, but the workflow from point A to point B is very different in every customer's case.

**PAROBK.** One of the problems that pharmaceutical companies have faced in terms of their CRM deployment is around adoption. They've rolled out systems with the goal of trying to get marketing, inside sales, outside sales, and service to enter data into the system to form a single view of the customer.



## SHELL GUPTA

### PEOPLE DON'T NECESSARILY WANT TO ADMIT TO FAILURE.

Usually, CRM implementations end up being such high-ticket items that the teams do their best to bandage their way through.

project mid-stream as has occurred in the past, is not an option. I think our industry has learned from painful experience and does a better job these

days in establishing up front the behaviors and metrics that we expect to achieve. It's less about the technology and more about improving business process and information flow.

## ROI EXPECTATIONS

**BARCLAY.** At times, I am critical of the bogus financial criteria of ROI. We think a very important measure is cost of ownership of a system and being able to fix the cost of ownership through a period of time. The returns on a system are real. But the returns are sometimes a little more difficult to define. If the objective of the system is to reduce the amount of time that the sales representative spends in the office clicking on the computer and more time talking to doctor, how can a company define that return financially? We help our customers define what their real objectives are and define the return in terms of those objectives and not only in terms of financial objectives.

**GUPTA.** ROI expectations are usually flawed. It's very difficult to measure what the ROI of CRM is in pharma. The pharmaceutical sales rep may have the latest and greatest CRM software, but it could be argued that this doesn't really impact the sales of drugs. ROI should be measured on productivity instead of increased sales. Sales reps don't sell drugs; they communicate features about the drug. The doctor may prescribe the drug weeks later. Because of this, it is very difficult to measure ROI.

**HASTINGS.** ROI is a huge issue because in the final analysis, executives want to see a return on their investment. Yet presenting them with ROI analyses that they will accept is tremendously difficult. The problem is getting executives to agree to a methodology or an algorithm. People throw around a lot of terms, like efficiency, which is very hard to measure. Effectiveness means a lot more, but

how can companies measure that?

**BARBERI.** Hard return on investment has rarely been monitored or measured accurately, primarily because it's very hard to do. Full ROI can't be achieved until a company has completed the CRM journey. There are certain tactical variables that pharmaceutical companies can measure in the short and medium term. For example, a company can measure the adoption of a deployed SFA solution, as well as usage. A company can also measure the impact of CRM on the completeness and accuracy of the customer information database in the home office. But in terms of whether CRM investments are pushing revenue or profitability higher, that is much harder to do and that won't really be properly done until more components of the CRM programs are in place.

**MARTIN.** The issue is how to define value from CRM. If CRM is being deployed as part of a growth- and revenue-focused initiative connecting the product supply network, customer service, and manufacturing operations, then a pharmaceutical company will see a return on the investment by being able to maintain and grow margins and consumer market share together with customers. But they need to define, align, and synchronize where CRM delivers value, where suppliers deliver value, and where ERP planning delivers value. There is clearly an opportunity for CRM to deliver ROI but it has to be seen in the context of all systems that service productivity in the customer-facing demand process.

**HASTINGS.** We expect increases in efficiencies as well as increases in our sales reps' effectiveness. Our CRM project as planned is going to put information in their hands in a more timely basis. It's going to give them information they can use day to day. We're looking for efficiencies through specific electronic signature capture on sampling as well.

**MARTIN.** By consolidating business leadership of customer-facing operations and back-end supply operations, pharma companies will have a common set of goals and metrics to manage performance. Sales and operations planning are not two separate groups within the organization that can afford to be disconnected; they share a common goal. And that is to align operations with the sales plan sup-

**WELCH.** One reason that CRM technology projects fail is that suppliers took salesforce automation tools and called them CRM. The reality is that salesforce automation tools could never have lived up to this expectation. What companies were selling implied that they could bring together marketing and market-research data along with operational data and give a pharmaceutical company a holistic view of the customer.

**WADEHRA.** From a financial point of view, many projects end up being failures even if they get put in use, because the cost of managing them and keeping them up to date becomes prohibitive over time. Often, a company needs an army of programmers to ensure all the systems adhere to rules and are kept in synchronization. The IT people now have to bear the burden of keeping the business rules up to date. This is a not a trivial effort.

**JAMES.** Given the major investment required today to successfully implement CRM initiatives, the prospect of cancelling a



ported by optimum levels of inventory situated in the right channels.

**BARCLAY.** Companies need to focus on making sure that the investment side of the equation is well defined. We think in many cases that people don't focus enough on making sure the total cost of ownership is as low as it possibly could be. The cost of ownership is a long-term equation. It's not a quarter-to-quarter equation. The systems should be able to last longer than three years. Pharmaceutical companies must define not only the cost of the software but the cost involved in supporting the software, providing a help desk, housing the servers, importing the data, and managing the system. And a key and critical cost that people very rarely include is the cost of changing the system. The ability to modify and change a system next year because the business changes is a very important part of the cost of ownership.

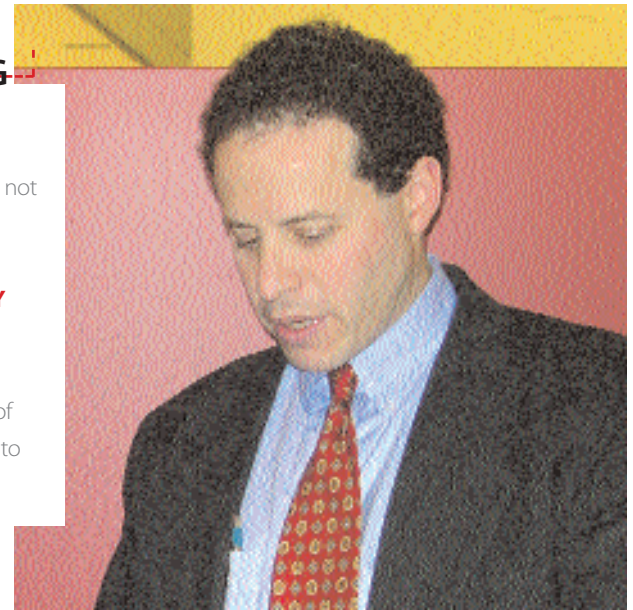
**HALL.** An important thing to consider when

looking at ROI are the costs related to the customer base — customer retention and customer acquisition. This is the baseline that pharmaceutical companies need to set to calculate return. Then, at the end of the project, managers can evaluate not only how much was spent but how much they've improved customer retention and acquisition. Companies can determine if customer behaviors were better managed based on whether sales representatives had the right information available.

**WELCH.** Many systems that have been sold were overpriced for what they delivered. That is problem No. 1. I think most well-imple-

## DAVID BLUMBERG

Current CRM technology addresses all of the steps leading up to the detail, but not the moment of truth; **THE MOST IMPORTANT FIVE MINUTES OF A REP'S DAY ARE THE MINUTES HE SPENDS TALKING TO THE DOCTOR.** This is an aspect of CRM that has been missing to date.



mented CRM solutions would be providing a reasonable return on investment if pharmaceutical companies took about two-thirds of the price away. ♦

---

PharmaVoice welcomes comments about this article. E-mail us at [feedback@pharmavoice.com](mailto:feedback@pharmavoice.com).