

## ► Salesforces

### The **Salesforce** of the Future: **MORE SERVICE, LESS SELL**

As companies — **SANOPI-AVENTIS, MERCK, WYETH, SCHERING-PLOUGH, NOVARTIS** — continue to make headlines for collectively laying off thousands of sales representatives, the industry looks for innovative ways to do more with less, and in the coming years, that means adding a value proposition to their sales strategies.

**Physicians are now seeking more value-added services from sales field forces and these services also must support the payers and the patients.** In 2009 and beyond, members of the various salesforces will focus more on becoming educators, supporters, and partners to those they touch in the healthcare industry. Under this model, pharmaceutical companies will begin to sell integrated packages of medicines and services. Services, such as prevention, personalized patient monitoring, and disease management, will shape the evolving definition of value, says Anthony Farino, U.S. pharmaceutical and life sciences, advisory services leader, at PricewaterhouseCoopers.

“The imperative will become about those reps who can add the most healthcare value, not those who can sell the most pills,” he says.

Michael Laferrera, senior VP, sales and marketing, at J. Knipper & Co., believes that phar-

maceutical marketers must account for certain drivers that affect sales field force utilization.

“First, they need to accept the probability that physicians have attitudes, and thus behaviors, that are out of sync with current methods of delivering product and service messages to physician prescribers,” he says. “Second, there has been an inevitable push by investors and shareholders to improve value. This push forces manufacturers to carefully evaluate return on investment. Since the cost of a sales field force is easily the highest marketing expense for pharma manufacturers, it begs the question by investors about if and how these resources are productive.”

Productivity has indeed become a market changer, with most of the top 10 pharmaceutical companies downsizing their field forces.

According to Mr. Farino, salesforce cuts will continue to haunt the industry.

“Portfolio conversion to specialty products,

coupled with patented drug conversion to generics, will drive dramatic salesforce headcount reductions,” he says.

But salesforce cuts are not the only drivers in this equation. New regulatory demands, new technologies, and physician and consumer use of the Web are all converging to force the industry to take a look at how it sells its products. The transformation is all about creating value and relationships as well as providing service. There is no need to point out to anyone reading this magazine that the change is not only going to be dramatic, but one whose time has come.

“In the future, sales reps will play a very different role, moving from deliverers of messages to coordinators of value, bringing physicians a full spectrum of services to support their needs,” says Elaine Riddell, CEO, TNS Healthcare.

The value reps deliver must now extend beyond traditional sales calls to encompass all

## EXPERTS

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▲ **Celeste Mosby** *Wilson Learning Worldwide*

Succeeding in an ever-changing and tightly regulated environment will be based on the value that reps bring to healthcare providers, and this will need to be more than just the value inherent in the products they sell.

the experiences around a brand. TNS research across the United States and Europe has shown that rep visits alone will no longer satisfy physician demands for better service. To be productive, reps must be able to offer physicians other experiences that they want and expect, including access to education, information, and patient-support programs.

“Service models are about building relation-



◀ **Brad Patten** *inVentiv Selling Solutions*

As manufacturers continue to seek SG&A savings and efficiencies and enhanced quality for customers, they will expand their use of experienced external partners to manage these services.

deploy innovative, technological ways to reach, educate, and influence prescribers, according to Jim Mercante, partner at TGaS Advisors.

“Much of the buzz is focused on closed loop promotion (CLP), with many companies considering it or actually piloting it,” he says. “There is increasing interest in exploring the newest alternative techno-solutions to bolster the work of the field force. Meanwhile, technology-enabled tools and techniques are being used to augment classroom training, reduce out-of-the-field time, and cut training costs. The game-based learning systems, for example, appeal to the current generation of sales reps who have grown up in a digital world.”

Brad Patten, senior VP, business development, at inVentiv Selling Solutions, believes closed loop promotion and evidence-based marketing may begin to replace some traditional sales programs.

“More refined segmentation and targeting by demographics, therapeutic category, and regional geography should also grow,” he adds.

Ms. Mosby agrees that to foster a more integrated approach to multiple customer interactions and partnerships, organizations will need to use technology, such as interactive virtual calls and requests for samples and critical clinical information, that goes directly to the sales professional. With physicians quickly increas-

ships,” Ms. Riddell says. “Therefore, companies must move beyond viewing brands as products to seeing them as vehicles through which they provide value to physicians, patients, payers, and shareholders.”

Over the next several years, the more innovative a company can be in terms of differentiating its value, the better, says Celeste Mosby, VP, life sciences, Wilson Learning Worldwide. “The economy will force most organizations to do more with less, so their ability to come up with innovative ways of servicing customers will be a critical success

factor. In this very inclusive healthcare environment, where the focus is on the customer, key stakeholders will be key opinion leaders, healthcare providers, and their patients.”

## FROM SALES TO SERVICE

The high-pressure, über-competitive sales environment has led more pharma marketers to

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◀ **Anthony Farino** *PricewaterhouseCoopers*

The salesforce of the future will be dramatically smaller, far more consultative, and highly differentiated in its approach per therapeutic area.

ing their use of online resources, integrated sales and marketing models will have to focus on supporting this new expectation.

To effectively — time and costwise — address the different physician bases, Mr. Laferrea believes there is a need for an industrywide database that captures information about the individual needs and preferences of healthcare practitioners.

“Pharmaceutical marketers currently have the option of using a plethora of tools: live sampling, alternative sampling, direct mail programs, electronic detailing, video detailing, healthcare social computing engines, healthcare search engines, and new technologies coming to the market,” he says. “It’s essential that each pharma marketing group choose the best blend of solutions to address the needs of individual physicians.”

Salesforce restructuring will continue over the next several years, and it will be important to support these new structures in ways that help sales reps develop long-lasting partnerships involving key opinion leaders, healthcare providers, and patients.

“For the members of the salesforce to be valued in the eyes of their customers, their role must be elevated and sales tools and structures must help them create a brand for themselves and their organizations,” Ms. Riddell says.

According to TNS physician research, opportunities for creating differentiation and brand recognition exist by using the Internet for communication and education for a couple of reasons. One is because that is what the physicians want, and the second is that no pharma company is doing it particularly well.

About 42% of doctors surveyed by TNS reported that Internet services have high value, and a third of those placed the Internet among their top-three choices. This represents an increase since 2007, when just 37% of doctors placed high value on the Internet.

Two-thirds of physicians now put high value on physician education services, yet when TNS asked doctors to rate 15 top pharma companies on delivering those services, even those who earned the top ratings — Merck, Novartis, and Pfizer — did not have particularly outstanding scores, Ms. Riddell says. A very similar pattern holds true for patient information services.

To succeed, companies must be able to connect with physicians through a wide range of activities beyond traditional sales calls — from educational programs to patient management services. They must identify and deliver what physicians want, and understand how those expectations vary by country, category, specialty, and physician, Ms. Riddell adds.

“Clearly, both physician and patient education are areas where companies have the chance to distinguish themselves,” she says.

The effective use of real-time systems in the field will dictate how pharma marketers differentiate themselves, Mr. Laferrea says.

“Our challenge will be delivering disease and product information to physicians at precisely the time it’s needed,” he adds. “This means making electronic detailing, electronic sampling, and electronic alternative sampling and disease management systems available to

**MANAGED-CARE SALESFORCES EXPECTED TO EXPERIENCE CHANGES**

Forty-five percent of the pharmaceutical companies surveyed in SDI’s study, *Strategic Advantage: A Competitive View of Managed Care and Long-Term Care Sales Forces*, said they anticipate changes to their managed-care salesforces.

**Some of the reasons behind the anticipated salesforce changes include:**

- Conclusion of joint venture
- Acquisitions
- Expanding markets
- Pending product launches
- Acquiring more products for managed care
- Market channel changes
- Strategic changes

According to Jim Mercante, partner, TGA&S Advisors, sales representatives are bumping up against road blocks when seeking access to institutional customers, and increasingly, hospitals, nursing homes, senior assisted-living centers, and other institutional healthcare facilities are demanding that reps provide a range of personal and professional information to obtain security clearance.

“In some cases, clients say extensive background checks are being done to confirm reps have no criminal records,” he says. “Institutions also are requiring reps to undergo blood tests to check for substance abuse and screen for diseases. They also must submit proof of vaccinations for hepatitis and flu. And pharma companies are footing the bill; the new access clearance procedures come with a fee.”

**ACCORDING TO SDI’S FALL 2007 PHARMACY EXECUTIVE PROMOTIONAL AUDIT, THE TOP FIVE COMPANIES WHOSE ACCOUNT PERSONNEL BEST MET THE NEEDS OF PHARMACY EXECUTIVES ARE:**

RANK	PHARMACEUTICAL COMPANY
1.	Schering-Plough
2.	Merck
3.	Novartis
4.	AstraZeneca
5.	Wyeth

Source: SDI, Plymouth Meeting, Pa. For more information, visit [sdi.com](http://sdi.com).

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## Skills for Sales Reps

**WITH ALL OF THE CHANGES IN THE SALES ENVIRONMENT PREDICTED FOR THE COMING YEAR, SALES REPS WILL NEED TO CHANGE THEIR MODI OPERANDI AS WELL. OUR EXPERTS TELL US WHAT THEY BELIEVE TO BE THE MOST IMPORTANT SKILLS SALES REPS NEED TO BE SUCCESSFUL IN THE FUTURE.**

### BUSINESS ACUMEN

**Nancy Connelly**

*PDI Inc.*

Sales reps of the future are going to need to be versatile and flexible. Because models are changing, some reps will move toward a defined clinical role that requires more of an educational mindset than the relationship-building approach with which they have been most comfortable. Those moving toward a more holistic model within each practice will need to have strong business management skills. Performing more as an advisor, they interface on a business and clinical level with the office management team, helping to effectively match their treatment protocols with patient diagnoses.

### TREATMENT KNOWLEDGE

**Anthony Farino**

*PricewaterhouseCoopers*

Sales reps of tomorrow will need to master the following: awareness and expertise of disease prevention techniques; diagnostic devices to qualify treatment eligibility; nutrition and lifestyle habits influencing outcomes; biologic traits driving positive response versus nonresponse to treatment; and services that align with drug therapy to get the patient through a full course of therapy. Sales consultants will have expert knowledge of a disease and its range of treatments rather than simply the approved messaging aligned to their own product or products. The sales consultant will need to understand the varying aspects of treatment protocols across major payer networks, as well as the influence of step therapies and other qualifying aspects to care enablement. Knowledge of outcomes data and subpopulation traits for success or failure will be critical. Many companies will have to recruit people with new skills. Sales reps will need to understand the disease states for the specialty products they are selling and be able to interact with increasingly powerful healthcare payers, pharmaco-economic assessment agencies, specialty pharmaceutical clinics, and centers of medical excellence.



### SILO BUSTING

**Michael Kirby**

*Lathian Health*

As the economy tightens, efficiency in marketing and salesforce spending will move up in priority. Silos will need to be broken down and promotional activities leveraging the strengths of each organization will gain prominence. Marketers will care less about bells and whistles and more about whether their actions moved market share.



### INFORMATION-BASED CALLS

**Prashant Kohli**

*Archi-Tech Systems*

Shrinking budgets, shifting territories, and growing regulation mean that tomorrow's sales reps must be information-savvy so they can make a more informed call and optimize their results in the field. This includes the need to understand the science and safety of pharmaceuticals as well as logistics such as formulary trends; it also includes the ability to bring intelligence about the marketplace back so as to craft a territory business plan and monitor success, while making adjustments as new data are introduced.



### INTELLIGENT FIELD FORCES

**Michael Laferrera**

*J. Knipper & Co. Inc.*

Pharmaceutical marketers must create the "intelligent" sales field force. This means using analytic and predictive tools to deliver information and services at the exact right time physicians need help or information. In practical terms, this means pharma marketers must use electronic tools in conjunction with conventional feet-on-the-street sales methods.



### BACK TO A FLEXIBLE FIELD FORCE

**Jim Mercante**

*TGaS Advisors*

"Nimble" and "flexible" describe

the pharma salesforces of the future. As companies cut field rep head count, the reliance on contract sales organizations (CSO) will become increasingly common throughout the industry. The industry norm for contract labor is estimated at 20% and some experts think that will rise to 30% in the next few years. The use of CSOs has many benefits beyond the obvious reduction of overhead for pensions, healthcare benefits, and so on. It allows companies to quickly and efficiently alter the size of their labor pool depending on market conditions or business needs. Take a company with an anti-allergy medication that wants to ramp up sales calls during the spring and fall seasons. The company can "pulse" their field force using CSO staffers to augment the number of sales calls made to customers during the peak allergy months. The same can be done when companies anticipate patent expirations or, conversely, are planning for a potential blockbuster.



### CLINICAL KNOWLEDGE

**John Moran**

*IMS Health*

The sales rep of the future will need increased product and clinical knowledge, a better understanding of local market decision-makers, and strong insights into patient utilization trends. Increased product and clinical knowledge will become key as reps shift to specialty and organization selling. Reps will operate with deeper insight into their customers, including greater understanding of patient trends. Relationship-based selling will also increase, along with new skills in health economics and the value of medicines. Physician education, sample distribution, and CRM will play an increasingly important role in building relationships with prescribers and organizations, and in supplementing strategic efforts to demonstrate the value of medicines.

### ADVISOR AND CONSULTANT

**Celeste Mosby**

*Wilson Learning Worldwide*

Success of the sales rep of tomorrow will be based on the value that representatives bring to healthcare providers, more than just the value

inherent in the products they sell. The real value will come from their ability to have in-depth clinical discussions, build deeper relationships, and consult more effectively with healthcare providers. Thinking strategically and differently about their business opportunities by analyzing market intelligence will further the sales representative's ability to provide advice and solutions to address key physician prescribing challenges. With the industry setting new guidelines for use of promotional materials and tools, building skills that help sales professionals to differentiate themselves, their products, and their companies will be more essential than ever before. Creating differentiation in the eye of the customer will favorably position sales professionals and enable them to continue to gain access to key physicians. Improving skills at every facet of the sales process will help to prepare for a more value-based call, aid in the ability to connect distinctive messages and product value to physician needs, and continually focus efforts that will support the total office call. For many sales organizations, manager development will become one of the most important aspects of future skill development opportunities.



#### **CLOSE THE SALE**

**Mike Myers**

*Palio*

Sales representatives of the future will need to be more like sales reps used to be in the past.

Specifically, they will be more conversant in the science, viewed as partners to physicians/caregivers, and will provide tangible value to the people that they call on as customers. They'll also need to be better at closing a sale during a call by specifically asking for a change or continuation of prescribing behavior by caregivers for a specific and appropriate patient type. In other words, sample drops and lunches will become a thing of the past.

#### **DOING MORE WITH LESS**

**Terry Nugent**

*Medical Marketing Service, Inc. (MMS)*

Direct marketing is the clear choice for doing more with less. It has proven ROI and is able to reach all physicians and other prescribers. E-marketing, including e-detailing and promotional emails, are the vanguard of direct media; however, marketers should continue to employ the full arsenal of direct-marketing tactics — direct mail, telemarketing, and

judicious use of fax. Journal advertising — online and offline — should experience a renaissance, as its proven ROI and cost-effectiveness are perfect for the challenging political and economic climate to come.



#### **PERSONAL SELLING**

**Linda Palczuk**

*AstraZeneca*

In an increasingly challenging environment, personal selling will remain a

critical component of the way we communicate with physicians. We will need to build stronger relationships with both prescribers and nonprescribers, align our resources and target accounts more effectively, and implement alternative channels that require different skill sets but have the same objective — to add value to every interaction.

#### **RELATIONSHIP-ORIENTED**

**Elaine Riddell**

*TNS Healthcare*

Sales reps of the future will need to be much more than sellers. First and foremost, they will need to be relationship builders, with the ability to forge long-term bonds with doctors. When doctors know a rep well, they are two to three times more likely to prescribe the detailed brand. Successful reps will need to be adept at creating the emotional connections that lead to brand commitment. This is not just a touchy-feely concept. The reality is that doctors who are committed to a brand deliver more than double the patient share than their uncommitted colleagues. In addition, even after a year, they are five times less likely to defect to a competitor. To build the commitment that is critical to performance, reps will need to understand — and deliver — the exact mix of services that each doctor wants.

#### **CUSTOMER QUARTERBACKS**

**Matt Wallach**

*Verticals onDemand*

A larger number of smaller salesforces will emerge and reps will become highly trained customer quarterbacks who represent multiple products. They will help their customers traverse the organization, delivering information in the customers' most desired channel.



#### ▲ **Nancy Connelly** *PDI*

The economies of traditional pharma salesforces are just not working for most companies and as a result we can expect the continued decline of mirrored salesforces and huge primary-care teams, and emphasis on smarter calls that align the right resources to the territory.

physicians. In addition, sophisticated CRM platforms now exist that not only measure productivity, but also provide intelligent ways to develop campaign management mechanisms that inform the best investment and deployment of marketing and sales efforts."

As companies begin to put their customers' needs at the center of their sales and marketing strategies, their new perspective will have major implications on how they do business. For example, the walls of the sales and marketing silos will need to come down.

"Companies will need to move from sales versus marketing to sales and marketing, working jointly to create and deliver the most effective mix of experiences to engage and impact doctors," Ms. Riddell says.

Under the new service models, companies will have to look beyond whom to target and instead focus on how to engage the customer — knowing what mix of value-add services they must deliver to create the strongest physician relationship. Innovation will need to start with the customer as opposed to ending with the customer. This will allow strategies to be more customer and patient centric, which will have a dramatic impact on patient outcomes.

"This shift will be a good one for the industry; it will help to build trust and credibility with customers, whose perceptions of the salesforce will be heightened to a more professional level of partnership," Ms. Mosby says.



▲ **Prashant Kohli** *Archi-Tech Systems*

The salesforce will be required to manage a very complex sales process. Selling in this scenario will mean the ability to convince the stakeholders (prescribers or managed care plans) that their drug is superior to competitive offerings on the price-benefit-safety continuum.

### SALESFORCES WILL BE SMALLER AND MORE SPECIALIZED

This shift to customer service will fall on fewer shoulders as salesforces are pared down across all areas.

“The salesforce of the future will be dramatically smaller, far more consultative, and highly differentiated in its approach per therapeutic area,” Mr. Farina predicts.

Nancy Connelly at PDI agrees with Mr. Farina’s prediction of a more stratified salesforce.

“There will be clinical specialist reps or possibly nurse educators taking the lead, supported by customer-service oriented reps who manage samples, supply marketing materials, and create awareness of and drive physicians to other marketing channels, such as Web portals,” she says. “Another extension of this is that the model could involve having a rep charged with total coverage of a group practice or building and managing all of the brands appropriate for the targets within.”

Sales networks are expected to evolve where pharma is not the sole selling force, but they will have partners delivering prevention programs, compliance programs, and supporting



◀ **Elaine Riddell** *TNS Healthcare*

Companies must move beyond viewing brands as products to seeing them as vehicles through which they provide value to physicians, patients, payers, and shareholders.

service programs that they will comarket and sell in a disease state space, Mr. Farino believes.

“Managed markets will be driven by key account managers who negotiate contracts based on transparent therapeutic benefit and outcomes,” he says.

### THE OVERALL IMPACT OF CHANGE

Once these changes in sales models begin, they will cause a ripple effect throughout the sales organization world and beyond. For example, physician education will become critical and use of a particular drug will be less driven by incentives and sample distribution, Mr. Farino says.

Mr. Farino predicts that go-to-market forces will be retooled away from the traditional sales representative profile to key account managers and leading disease consultants who will collaborate with physicians to discuss treatment targeting, which in turn will enable better outcomes and generate programs that delay disease onset and progression.

“Pharmaceutical companies will restructure large segments of their reach and frequency sales teams with disease-specific key account managers and specialist advisors capable of influencing various stakeholder communities in the sales process,” he says. “It is foreseeable that pharma may even join forces at the disease level to jointly sell ‘bundles’ of treatments, including branded ethical treatments, generics, and OTC products, along with prevention and compliance programs for specific patient segments.”

Mr. Patten believes that as companies recognize one size doesn’t fit all, there will be a continued, significant shift away from the “share-of-voice” model that has been the standard for the past decade and a half and a move to a more segmented strategy based on promotional preferences of the medical community.

“Younger demographics within the medical community will lead to more interactive marketing to physicians who prefer getting information from the Internet,” he says.

Patient treatment data will need to drive outcome insights across the disease experience, he says. Increased selling constraints can be expected, with more vigilance for salesforce message compliance, thereby placing a premium on changing the go-to-market strategy to include an increased emphasis on health outcomes for the most appropriate patients.

According to John Moran, center of excellence leader, commercial optimization, IMS Health, companies will seek to selectively target key decision makers such as pharmacy consultants in managed care organizations and integrated delivery networks.

“Detailing to primary-care physicians will decrease, but increase to specialists,” he says. “Regional business models will emerge that enable greater flexibility and responsiveness in the field.”

Prashant Kohli, VP, sales and marketing at Archi-Tech Systems, agrees that in the future salesforces will be required to manage a very complex sales process.

“Selling in this scenario will mean the ability to convince the stakeholders — prescribers or managed care plans — that their drug is superior to competitive offerings on the price-benefit-safety continuum,” he says. “Critical to this will be ensuring that salesforce members understand prescriber trends, know what’s on formulary, and have other accurate, relevant data at their fingertips when in the field.”

Furthermore, Mr. Kohli says as the landscape of sales and marketing “touch points” continues to change, there will be a greater push for seamless integration of all touch points with a physician.

“Here again, technology will offer a key competitive advantage, with more companies

**Matt Wallach** *Verticals onDemand* ►

Pharma is entering into an important experimentation phase and there is no way to predict what will be the results from these new approaches. Companies must just try them first.



moving toward databases or portals that will facilitate easier assessment, leading to more effective implementation of selling strategies and tactics," he says.

## OUTSOURCING

The pharmaceutical industry's need for greater flexibility and enhanced profitability will lead to a greater use of outsourced sales and other services, all of our experts say.

Mr. Patten of inVentiv Selling Solutions says companies that primarily focus on developing and manufacturing drugs may be acknowledging there is no real advantage to maintaining internal cost centers for functions such as sales, marketing, analytics, training, data management, market research, and other support services.

"As manufacturers continue to seek SG&A savings, operational efficiencies, and enhanced quality for customers, they will expand their use of experienced external partners to more economically manage these services," he says.

Mr. Moran agrees that as companies implement new commercial models, the need for strategic outsourcing will grow within the commercial function, as it has in other industries.

"Partners will provide commercial pharma with the tools, analytics, and insights that will power the new sales strategies," he says.

Mr. Kohli agrees that strategic partners will need to be nimble to react to opportunities as they come up, and have the ability to "experiment" with different sales models cost-effectively.

"This will include the ability to incorporate new data from the marketplace into the commercial decision-making process," he says.

Mr. Laferrera says as pharmaceutical manufacturers become more focused on cost-containment to offset revenue shortcomings, there will be a trend to evaluate internal versus outsourced systems and best practices.

"Already some manufacturers are beginning to migrate critical services in-house; others are closing down internal operations in favor of outsourced expertise," he says. "Out-

sourced partners will provide the most value where economies of scale, learning curves, consistency of need, and/or start up expenditures preclude a company from making that great a commitment in terms of time and resources. Outsourced partners already possessing these attributes, along with a track record of success, will bring the most value."

The need for flexibility will drive outsourcing of field forces, but the result will have no impact on salesforce effectiveness. Instead, it will ensure the ability to increase and decrease field force sizes in a manner that quickly reflects market needs, says Mike Myers, president of Palio.

"The desire to increase flexibility will drive more outsourcing of field forces," he predicts.

According to PDI's Ms. Connelly, about 5% of reps today are part of an outsourced sales team, but by 2011 that number could reach as high as 15%. There are many different models, from outsourcing all or most of primary-care coverage while maintaining specialty coverage, to working with contracted sales teams on established products with primary and/or specialty targets.

"Outsourcing does not need to be reserved for just established brands," she says. "Launch brands can also benefit from strategically positioned outsourced sales teams where the pharmaceutical company keeps the high-decile prescribers and CSOs handle the rest."

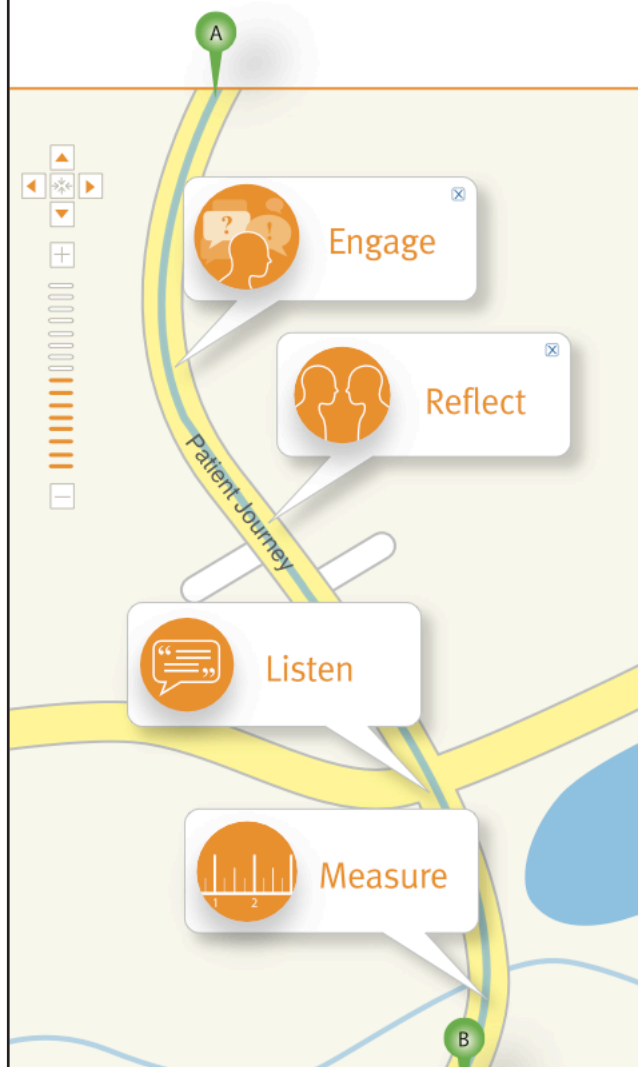
PricewaterhouseCoopers anticipates that outsourcing could expand to include entire sales campaigns being contracted out and executed by third-party alliances.

"In the world of pharmaceuticals, reasons to outsource can include the need to rapidly retool professional skills to promote diversifying portfolios, to globalize differentiated markets, to refocus punitive sales compliance regimens, and to downsize primary-care cost structures because of generic conversions," Mr. Farino says. ♦

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