The Case for Multichannel Pharmaceutical CRM

*Introducing blockbuster products is not enough for pharmaceutical companies. Using multichannel customer relationship management to execute at the physician level is the next competitive advantage.*

Management Summary

Relying on bringing blockbuster drugs to market is not enough. Pharmaceutical (pharma) companies as a group were able to grow revenue at a 20 percent compound annual rate during the 1980s, but many are now struggling with low to negative growth, increased competition within each drug category, loss of patent protection and pressure to reduce prices. As a result, pharma companies must execute quickly by aligning their sales and marketing efforts, supporting their physicians and customers through the Web and call center capabilities, and better leveraging their opinion leaders.

Meanwhile, merger and acquisition activity continues to result in even larger pharma sales forces that require greater coordination, greater product knowledge, greater global coverage and more campaigns to execute.

Today’s pharma marketplace also includes greater involvement on the part of patients. Patients are using technology to form online communities and become more educated on diseases and treatments. These patients can now be more readily reached through mass-marketing channels.

At the same time, physicians are experiencing changing dynamics, as they are under pressure to see more and more patients, adhere to guidelines from insurance companies and conform to a changing regulatory environment. As a result, they are beginning to choose to receive details via the Internet because they have less for time for in-person detailing. They are also being called on to manage more and more complexity of drugs, science, internal and external professional relationships (e.g., physician practice groups and the extended healthcare community), and greater numbers of patients.

Pharma companies have the ability to create the consumer demand for their products and can reach their targeted physician base through a number of different means, but the effort must be coordinated using technology to enable selling, marketing and service processes. Companies that accommodate this changing marketplace by reaching their physicians and patients through multiple means that are chosen by the physicians will be the winners.

However, sales, marketing and service efforts must be coordinated and harmonized within one consolidated view of the physician/customer to maximize the value of the customer relationship. Multichannel customer relationship management (CRM) is the solution. To assist phamas, this *Strategic Analysis Report* examines the following Key Issues:
The Case for Multichannel Pharmaceutical CRM

- How will leading pharmas transform the disjointed efforts of sales representatives, medical scientific liaisons and joint marketing partners into a seamless virtual selling organization?
- How will pharma marketing campaigns be synchronized with field selling efforts?
- How will pharmas better manage physician resources by providing visibility into clinical trials participation?
- How will pharmas best use contact centers?
- How will pharmas leverage the Web to increase service while decreasing the cost to serve?
- How will the efforts of third-party multimedia detailing organizations be integrated?
# The Case for Multichannel Pharmaceutical CRM

## CONTENTS

1.0 Introduction................................................................................................................ 5
1.1 Pharmas and CRM ................................................................................................ 5
1.2 Components of Multichannel CRM for Pharma .............................................. 5
1.3 Team Selling.......................................................................................................... 7
  1.3.1 Synchronized Campaign Management......................................................... 8
  1.3.2 Tales from the Waiting Room: Physician “Ambushed” by Marketing Campaign ......................................................... 8
  1.3.3 Coordinating Marketing Campaigns With Multichannel Support ............... 8
1.4 Visibility Into Clinical-Trial Participation and Speaker Programs.............................. 9
  1.4.1 Case History: Using Multichannel to Better Recruit and Manage Physicians for Clinical Trials .............................................. 9
1.5 Contact Centers .................................................................................................. 10
1.6 Leveraging the Web............................................................................................... 11
  1.6.1 Case Study: GlaxoSmithKline New Zealand Uses Contact Center for Patient Persistence ......................................................... 12
1.7 Physician/Customer Detailing Via the Web.......................................................... 12
  1.7.1 Case Study: Getting Physicians/Customers to Be Detailed on the Web May Require Some Incentive ......................................................... 13
1.8 Third-Party Involvement ...................................................................................... 13
1.9 Using Multichannel to Avoid Physician Disenfranchisement.............................. 13
  1.9.1 Tales From the Waiting Room: Product Recall ................................................ 14
2.0 Vendors .................................................................................................................. 14
3.0 Solutions .............................................................................................................. 15
4.0 Conclusion ........................................................................................................... 16
Appendix A: Acronym Key .......................................................................................... 18
FIGURES

Figure 1. How to Enable a Pharma Virtual Selling Team .................................................................6
Figure 2. Making the Virtual Team Seamless ..................................................................................7
Figure 3. Multiple Channels: Physicians/Customers Are Unique .......................................................10
Figure 4. Drive to Increase Effectiveness and Efficiency Promotes Alternative Sales Channels.....11
Figure 5. Solution Options..................................................................................................................15
1.0 Introduction

Strategic Planning Assumption: By 2004, pharma companies that implement multichannel CRM processes and technologies will gain a competitive advantage, outpacing their competitors that are only focused on sales force automation (0.8 probability).

Physicians want various means to interact with a pharma company. An adverse reaction or a product-related question may require a telephone call, while requesting samples may be done via an e-mail. Similarly, a new product introduction may warrant a sales call. Each contact must be part of a cohesive, shared, systematic strategy to wrap the organization around the customer relationship.

Action Item: Evaluate all means of managing the physician relationship in each organization. Do these means have the ability to share information? Do they combine to form a consolidated view of the relationship? If not, begin to prioritize against the previously stated key issues to determine which should be addressed first.

1.1 Pharmas and CRM

Key Issue: How will leading pharmas transform the disjointed efforts of sales representatives, medical scientific liaisons and joint marketing partners into a seamless, virtual selling organization?

The face that the pharma company presents to the physician today can be incredibly complex and disjointed. Marketing campaigns, sales representatives, medical liaisons, joint marketing partners and third-party-contracted detailing organizations are all trying to influence the physician. Unless their efforts are coordinated and unless they are sharing relevant information among themselves, they will appear to be confused and duplicative. Confused physicians and customers will translate into lost revenue and market share.

Since the mid-1980s, the term sales force automation (SFA) has been used to describe the process of providing IT to a selling enterprise. The term, however, falls short in describing all the ways that enterprises will use technology to enable selling as part of CRM. Beyond the traditional sales forces, enterprises will leverage technology to link joint marketing partners with other “virtual team members,” field sales representatives and medical scientific liaisons. However, it is important to be cautious and not try to use technology to compensate for not having the right people and processes. Technology is only an enabler. It must be used by skilled salespeople who understand the processes.

The Internet will also support the selling process by delivering sales messages and content management to provide collateral and other sales-related materials to the person. The goal of technology-enabled selling is to integrate technology with optimal processes to provide continuous improvement in sales team effectiveness, as well as the capability to balance and optimize each enterprise sales channel.

Action Item: Enterprises need to ensure that their people and processes are ready for the changes that enabling sales processes with technology will bring. Enabling bad or ill-defined processes with technology will greatly increase the probability of a selling application failure (0.7 probability).

1.2 Components of Multichannel CRM for Pharma

Strategic Planning Assumption: By 2005, selling organizations that effectively bring pharma-wide knowledge to the point of physician/customer contact will increase the impact (e.g., prescription writing) by as much as 15 percent (0.7 probability).
The Case for Multichannel Pharmaceutical CRM

For years, many selling organizations have gotten by on good relationship-selling skills and limited pharma-wide knowledge. This technique will guarantee mediocre results. Physicians and customers are requiring more depth of understanding from channel partners, medical scientific liaisons and even the sales representative. They will no longer tolerate selling organizations that must “get back to them later” with product specifics, insights or specific value propositions on why a product is better than the competition. To sell successfully in this environment, selling enterprises must reach out to other internal (e.g., marketing) and external (e.g., published research) organizations to collect, manage and distribute knowledge at the point of sale (see Figure 1).

![Figure 1. How to Enable a Pharma Virtual Selling Team](image)

The two evaluation metrics on which a selling organization will be measured are the depth of pharma-wide knowledge it possesses and the speed at which that knowledge can be used effectively during physician/customer interactions.

The characteristics of leading pharma sales organizations include:

- Engage in fact-based selling rather than relationship selling.
- Use analytics to manage physician/customer level profitability.
- Leverage knowledge from across the entire enterprise.
- Invest in mobility.
- Utilize organized and dynamic content management.
- Have automated tools to maximize effectiveness and efficiency.

Leading enterprises will reinvent their sales processes to enable their selling channels to quickly incorporate in-depth pharma-wide knowledge into unique physician/customer situations. They will ensure that the right salesperson — who knows the right thing at the right time — can articulate and demonstrate...
value to a physician/customer. Salespeople will be required to be more knowledgeable and act faster, so the training focus will have to include building knowledge of the enterprise.

**Action Item:** Pharmas should invest in knowledge management initiatives that are focused on leveraging pharma-wide information and content at the point of sale or point of influence, while building skilled sales teams.

### 1.3 Team Selling

**Strategic Planning Assumption:** Pharma selling organizations that do not systematically capture and share insights and information about the physician/customer relationship will never maximize effectiveness. Turnover and lack of sharing will continually put them on the low end of the learning curve (0.9 probability).

There is no “I” in team! Therefore, all members of the team have to share and coordinate. As a result of being united by sharing the results of activities, they present a unified influencing factor on the physician/customer. Management is also part of the process and can add strategic insight, coaching and pharma-wide knowledge to the physician/customer interaction (see Figure 2).

![Diagram of team selling](source: Gartner Research)

**Figure 2. Making the Virtual Team Seamless**

Once the virtual team is united in purpose and can influence as a single entity, it can deliver a specific message to a specific audience at the appropriate time to maximize the impact and achieve the desired results. This stands in stark contrast to a random message by random messengers at some random time.

The result is a team that can inform and influence the physician/customer through timely messages, collateral materials, speaker programs, relationship building and technical information. If a member of the team leaves, the new member can assume the role effectively by reading about the past contacts and corresponding insights and leveraging the other team members. Thus, the new team member quickly picks up where the predecessor left off.

**Action Item:** Assess the use of virtual teams in the selling process and determine the consistency and frequency of message. Determine how to maximize sharing across the team and the capture of insights.
1.3.1 Synchronized Campaign Management

**Key Issue: How will pharma marketing campaigns be synchronized with field selling efforts?**

Having sales and marketing organizations engaged in uncoordinated activities is more the norm than the exception. However, pharma companies are engaging in more and more consumer-pull-type marketing. The sales organization needs to know what campaigns are going to happen — and when — so it can ensure that its physicians/customers are prepared with product knowledge, collateral material and samples. When physicians are prepared for campaigns that spark patient interest, they place greater value on the relationship with the pharma company and are more likely to prescribe a given medication. Conversely, when they are “surprised” by not having information on a new medication or marketing campaign, the trust and value of the relationship are called into question.

When the sales organization knows about upcoming marketing campaigns through the use of multichannel CRM tools, salespeople can be better prepared to support the campaign with detailing activities, samples and collateral materials. They can also be “tasked” with certain activities from the marketing organization in conjunction with their regular physician/customer calls.

*Action Item: Evaluate the extent to which marketing and sales activities are not correlated. Assess the degree to which the selling and influencing organizations could add more momentum to campaigns if they were given visibility and some executional responsibility for the campaigns.*

1.3.2 Tales from the Waiting Room: Physician “Ambushed” by Marketing Campaign

*Condition:* A patient reads an ad in a magazine pitching the benefits of a new generation of arthritis medications. The patient meets with physician, references the ad and asks if the medication is right for her. The physician has no knowledge of the product or the ad campaign and is not prepared for the discussion with the patient.

*Symptoms:* The physician has feelings of alienation (i.e., from the pharma company).

*Diagnosis:* Multichannel! A coordinated multichannel campaign could have prepared the physician — a win for the patient, physician and pharma company.

1.3.3 Coordinating Marketing Campaigns With Multichannel Support

The U.S. Food and Drug Administration relaxation of its rules on “direct-to-consumer” advertising for prescription drugs in 1997 has opened the floodgates for marketing campaigns. Total spending on such programs rose to $2.5 billion in 2000, up 35 percent from $1.8 billion in 1999. Given these levels of spending, it simply does not make sense to have marketing activities that are not totally integrated with sales efforts. Coordination is key. When the various channels are coordinated, it is possible to create momentum. However, a lack of coordination leads to disenfranchisement. With the communication channels in place, it takes no additional effort to coordinate. In fact, it becomes routine, and salespeople are actually given activities to perform in conjunction with certain campaigns.

*Action Item: Evaluate the degree to which marketing effectiveness and efficiency could be increased by harmonizing campaigns with sales activities and supporting them through a contact center.*
The Case for Multichannel Pharmaceutical CRM

1.4 Visibility Into Clinical-Trial Participation and Speaker Programs

Key Issue: How will pharmas better manage physician resources by providing visibility into clinical trials participation?

The use of the Internet to aid in compiling clinical trial data has been a tremendous benefit because it has reduced the administrative burden, and it supports a “many-to-many” communication model. However, recruiting and coordinating the physicians who participate in the trials can be improved by enlisting the support of the extended organization. The selling and influencing organization must have visibility into which physicians have been involved, are involved or would like to be involved in clinical trials. This by no means implies that the sales organization will have visibility into data, patients or outcomes of the clinical trials. There are numerous confidentiality, regulatory and common sense reasons why salespeople should not see the clinical data. However, they are one of the best ways to recruit physicians for trials, because they manage the relationship and know where the physicians' interests lie.

Another part of the multichannel physician relationship is that the selling organization tracks physician involvement, suitability and desire to be involved in clinical work. This reaps benefits later on as those who participated in trials become opinion leaders and product advocates.

Ultimately, however, a cultural shift must take place. Pharma organizations must break down the wall that exists between the clinical and business aspects of the organization. They must view the selling organization as an extension of the clinical organization and vice versa.

Action Item: Begin bridging the gap between clinical and business organizations so that sales can assist in recruiting physicians, keeping the investigator pipeline loaded without burdening physicians who are already participating.

1.4.1 Case History: Using Multichannel to Better Recruit and Manage Physicians for Clinical Trials

Condition: A dermatologist in southwest Colorado (i.e., elevation 7,500 ft.) treats a high percentage of skin cancer patients, is interested in doing clinical work and yet is not being asked to participate.

Symptoms: Untapped resource and potential influencer. May not even know about a breakthrough medication that a pharma company is working on.

Diagnosis: Use multichannel to identify, recruit and maintain relationships with key prospects. Segue into speaker programs and events.

There are various reasons why many physicians are underutilized for clinical support. In most cases, it is because the pharma companies do not know they are interested, so they are not being asked to participate. This is precisely why the selling and influencing organization should be managing prospect lists of physicians for various types of trials. Another reason is that not all physicians are contacted as part of regular sales calls. They may be too geographically remote or simply do not meet certain criteria.

Multichannel CRM can also utilize third-party-detailing organizations to recruit and manage the clinical physician base. This allows pharma companies to leverage themselves beyond where their own sales representatives make visits in their quest for physicians who qualify and are interested in participating in clinical trials. All of this information remains in the system so that, as turnover occurs, these types of valuable insights are not lost.
The Case for Multichannel Pharmaceutical CRM

Action Item: Use the SFA system to begin developing and maintaining lists of clinical trial physicians. Who has participated in the past? Who would be good for future trials? Who is participating today and in how many concurrent trials?

1.5 Contact Centers

Key Issue: How will pharmas best use contact centers?

It is important to keep in mind that physicians and customers will determine how they wish to contact a pharma company. For some things, they will use e-mail; for others, they will want a live person on the phone, and for yet others they will go to the Web or wait for a sales call (see Figure 3).

![Diagram](attachment:Diagram.png)

Source: Gartner Research

Figure 3. Multiple Channels: Physicians/Customer Are Unique

The important thing about multichannel CRM is that the physician or customer has the option of how to make contact; and yet that contact is not an isolated event, but part of a coordinated response. For example, a physician wants to request some samples. He or she puts a call into the contact center — or sends an e-mail — and the customer service representative routes the request to the corresponding salesperson who sees the samples request appear in his or her sales automation solution as an item requiring attention. The request comes in through one channel and is fulfilled through another.

Similarly, a physician has a technical product question and routes it to the contact center through a phone call or an e-mail. The customer service representative can then route the question to a medical scientific liaison or specialist within the extended organization. This fits well also with clinical-trial recruitment. A physician makes a contact to participate in a trial or wants more information on a specific product, and the recruiting process begins with the contact being sent to the sales organization for follow-up.

Action Item: Explore connecting established call centers with capabilities to route items to the attention of the sales organization. Also consider expanding the call center to include e-mail, fax, chat and escalation capabilities.
1.6 Leveraging the Web

Key Issue: How can pharmas leverage the Web to increase service while decreasing the cost to serve?

Strategic Planning Assumption: Through 2004, as pharmas continue to spend more on direct-to-consumer sales efforts, they will seek to optimize the reach, frequency and impact of their messages. This will place greater focus and pressure on the cost of each contact (0.7 probability).

Strategic Planning Assumption: By 2003, extended team technology will be embedded as a standard feature of all collaboration tools used by telesales (0.7 probability).

Because of the value of shifting selling activities to a lower cost channel, there will be an increased interest in integrating the Web and the call center (see Figure 4).

<table>
<thead>
<tr>
<th>Face to face:</th>
<th>Contact center and telesales:</th>
<th>Self-service: less than $1 per contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250 per contact</td>
<td>$6 per contact</td>
<td></td>
</tr>
</tbody>
</table>

Core features:
- Open platform
- Switching bundled
- Software automatic call distribution
- Universal queue
- Application integration

One or more contact-center features:
- Interactive voice response
- Unified messaging
- Outdialing

Agent and queue status
- All contact reports
- Computer-telephony integration to desktop
- Links to Web services
- Links to Internet services

Contact center acts as the “hub” for multichannel and can also perform outbound sales.

Source: Gartner Research

Figure 4. Drive to Increase Effectiveness and Efficiency Promotes Alternative Sales Channels

Integrated Web and call-center systems deliver connectivity between the physician/customer and an organization by leveraging the telephone and a corporate Web site. Examples include real-time co-browser sharing and chat technologies. The selling agent can engage the users in consultative selling, share forms and screens, compare products or transfer files among participants. Integrated Web and call-center applications will be used as a team-selling platform. In the next few years, successful pharmas will employ the addition of extended team-linking technology whereby a telesales person can:

- View the presence on the network (i.e., whether via modem, Internet or network connection) of colleagues associated with a physician/customer
- Determine availability (i.e., available to speak, advise or schedule)
- Access them or their calendars to assist in the progress of the sale

Action Item: Pharma companies looking to penetrate marginally profitable physicians/customers (i.e., those that do not justify frequent or any sales calls) should consider a combination of Web and telesales to more cost-effectively impact this additional tier of physicians/customers.
1.6.1 Case Study: GlaxoSmithKline New Zealand Uses Contact Center for Patient Persistence

**Condition:** Time-sensitive medications must be taken every eight hours.

**Symptoms:** Prescribing physician does not have the capability to remind patients to take medication or refill prescriptions.

**Diagnosis:** Utilizing StayinFront’s Visual Elk product in conjunction with a contact center to send a text message or e-mail reminder to patients every eight hours

**Outcome:** Better patient care through increased compliance and persistence.

**Action Item:** Evaluate the degree to which marketing effectiveness and efficiency could be increased by harmonizing campaigns with sales activities and supporting them through a contact center.

The Web is the ultimate many-to-many communication tool and, as such, holds tremendous promise for interfacing with physicians/customers. However, the end-user experience has to be easy, friendly and highly personalized, with content that is relevant to the physicians/customer. Even then, it may be necessary to offer some inducement or incentive for the physician/customer to be detailed via the Web. However, a Web-detailing interaction promises to capture more physician attention for longer than a hallway conversation in a doctor’s office. The trade-off is that a sales representative can be more interactive but is much more expensive to deploy.

Ultimately, a combination of Web and sales representative contact can be established that will be both effective and efficient. As a result, more Web contact means reduced cost to serve the physician/customer base due to less head count and transportation-related costs. The Web also has the benefit of “always being available,” and the trend is toward more physician/customer self-help using personalized interfaces and search engines that provide answers quickly.

**Action Item:** Develop a Web strategy not as a stand-alone physician/customer-focused initiative, but as a complimentary channel. Survey physicians/customers to determine the degree to which they feel the Web can meet a certain set of their needs such as self-service for content, detailing, co-browser sharing and chat.

1.7 Physician/Customer Detailing Via the Web

The normal response of physicians who are invited to be detailed on the Web is: “What’s in it for me?” They may not say this to a sales representative, but Gartner research as third persons not involved in the influencing cycle has consistently borne this out. However, internal company guidelines and the regulatory environment do not allow for most types of remuneration, so creative means must be sought to get difficult-to-reach physicians as well as the general physician base to pay attention to the Web.

Those who are participating in Web detailing feel that it helps them to be more productive during their office hours because they can go to the Web at any time. However, most are still being detailed in person, so much opportunity exists. Just exactly how much remains to be seen. Statistics on Web participation by physicians can be misleading, because years in practice and type of practice are major factors. Until a study can be done that segments physicians in greater detail, the level of participation will be unclear. However, market factors (e.g., flat sales and greater investment in direct-to-consumer advertising) will continue to place pressure on maximizing reach and frequency while reducing cost.
Action Item: Consider the use of incentives such as professional subscriptions, online gifts (e.g., a gift certificate at Amazon.com), or a dining-out voucher as means to get physicians/customers more engaged on the Web. Ensure first, however, that such programs comply with company and regulatory guidelines.

1.7.1 Case Study: Getting Physicians/Customers to Be Detailed on the Web May Require Some Incentive

Condition: Peter, a veteran orthopedic surgeon, is a high-decile prescriber for Vioxx and Celebrex, but is hard to get into detail.

Symptoms: Even bringing doughnuts for his office staff is not getting the representative any detailing time.

Diagnosis: A savvy pharma company gives him free access to a diagnostic database — normally costing $2,000 per year — in return for being e-detailed.

1.8 Third-Party Involvement

Key Issue: How can the efforts of third-party multimedia detailing organizations be integrated?

Inevitably, some physicians/customers, either for geographic coverage or for physician/customer profitability reasons, do not warrant a traditional sales call. Instead, many pharma companies choose to use third-party contract detailing companies as an extension of their own organizations. Multichannel CRM also has the ability to wrap the various channels (i.e., Web, contact center, campaigns and clinical trials) around physicians/customers who are detailed by third parties. The effect actually strengthens the efforts of third-party detailing.

When a third-party detailer uses an outbound phone call, post card or sales visits to deliver a message to the target physician/customer, it easily segues into an invitation to use the other channels. The only difference is who is making the sales call, but the control of the messaging is better and more consistent across reachable and third-party detailed physician/customer bases.

At a later time, a physician/customer may meet certain criteria for inclusion into a regular sales territory called on by the pharma’s own sales organization. The single view of the physician/customer that is generated by the multichannel solution will help in establishing when the time is right to move a physician/customer from third-party detailing into the regular sales force, and it will ease the transition because of the detailed data kept in the system.

Action Item: Consider the same multichannel solution for supporting third-party detailing organizations. Ensure that their processes and data captured become increasingly similar to those of the sales organization for easier adoption once multichannel capabilities are in place.

1.9 Using Multichannel to Avoid Physician Disenfranchisement

Because multichannel allows a physician to establish a preferred means of receiving contacts, it stands to reason that those same channels can be used when an adverse event occurs. Think of it as a campaign where the desired outcome is the mitigation of a business problem instead of a stimulus to benefit the business. A multichannel view of the physician/customer with a pre-established set of preferences as to how various types of communication are to be received could have blanketed the entire physician/customer base and ensured that all were adequately informed about the recall. The same method holds true for physicians/customers served by the direct sales organization as for those served by third parties.
Additional discussion of multichannel e-CRM with case studies and examples that extend beyond pharma can be found in the Strategic Analysis Report: "E-CRM: Driving Customer Value Through the E-Channel," R-17-2444, 27 August 2002. This will be useful for those pharmas that have other nonpharma lines of business (e.g., medical supplies and devices).

**Action Item:** Create business processes for the execution of campaigns in response to adverse events as well as promotional campaigns.

### 1.9.1 Tales From the Waiting Room: Product Recall

**Condition:** A major pharma company recalled one of its products but did not notify physicians of the recall effectively.

**Symptoms:** A physician found out about the recall from a patient and not from the pharma company. The physician was an opinion leader and major prescriber of that medication and was alienated by the lack of communication and follow-through.

**Diagnosis:** Information could have been disseminated through the Web with a follow-up from a sales representative. Questions could have been handled through the contact center.

### 2.0 Vendors

**Strategic Planning Assumption:** The ability to provide a multichannel solution will become the principal point of differentiation among pharma CRM vendors through 2004 (0.8 probability).

Three suite vendors have multichannel pharma capabilities today:

- **Oracle/Dendrite International**
  - No multichannel installs
  - Has potential with Dendrite pharma knowledge and Oracle as technology partner
- **Siebel Systems**
  - Multichannel deployments with several clients
  - Most experience in multichannel (i.e., contact center, campaign management, clinical and SFA)
- **StayinFront**
  - Has elements of multichannel but no clinical trials
  - More of a shell than an out-of-the-box solution
  - Customers are small to midsize pharmas and biotechnology firms

Multichannel pharma CRM is compelling but too cutting edge to have any vendor be dominant. However, the major players (i.e., Siebel Systems and Dendrite) are already actively selling multichannel capabilities. Siebel has had them for some time, and Dendrite acquired additional marketing and contact-center capabilities through its partnership with Oracle, which was announced in June of 2001. This will be the battleground as Dendrite works to protect its installed base by moving it to multichannel. StayinFront, on the other hand, has not penetrated the large (i.e., more than 3,500 users) pharma market, but it has a number of biotechnology and smaller pharma clients.
The Case for Multichannel Pharmaceutical CRM

The small remaining pharma CRM vendors are largely limited to SFA capabilities. They will be left out of the multichannel race unless they leverage partnerships due to the time required to develop highly involved capabilities (e.g., contact centers and campaign management).

**Action Item:** Pharmas must develop a multichannel CRM strategy and business case before talking to software vendors. Understand very clearly what it is you want to do and over what time period, and then submit those requirements to vendors. Far too many enterprises get bogged down in vendor selection before they have fully developed their criteria. Vendors cannot be evaluated without a strategy and criteria.

### 3.0 Solutions

**Strategic Planning Assumption:** The ability to provide a multichannel solution will become the principal point of differentiation among pharma CRM vendors through 2004 (0.8 probability).

Solutions for pharmas include:

- Best of breed
- Building your own
- Status quo
- Suites (see Figure 5)

<table>
<thead>
<tr>
<th>Best of breed:</th>
<th>Build your own:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Cost and risk of integration across multiple solutions</td>
<td>- Limited functionality</td>
</tr>
<tr>
<td>- Integration is generally five times the software cost</td>
<td>- Outdated by the time it is implemented</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status quo:</th>
<th>Suites:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Goodbye to competitive advantage</td>
<td>- Consistent look and feel</td>
</tr>
<tr>
<td></td>
<td>- Integration known upfront</td>
</tr>
</tbody>
</table>

Source: Gartner Research

**Figure 5. Solution Options**

The current state of leading pharma company adoption of multichannel could best be described as “trench warfare.” Most pharmas are hunkered down in their own strategic trenches. A few have executed some components of multichannel. Many are waiting for someone else to jump up and reveal that they are ready for multichannel combat. When asked what their thoughts are on multichannel, most leading pharmas say: “It sounds good, but who is doing it?” They may be working on a multichannel strategy, but they do not want competitors to know. A leader needs to come forward and set the bar.
The Case for Multichannel Pharmaceutical CRM

Clearly, the status quo is the safest position — nothing ventured and nothing gained. However, other combinations offer time vs. cost tradeoffs. The distinguishing cost element between suites and best of breed is that several best-of-breed solutions will need a substantial amount of configuration and integration work. At a minimum, an SFA tool would need to be integrated with marketing, call center and e-detailing. Clinical integration is not necessary because understanding participation in clinical trials does not require integration of actual clinical data. Building a solution in-house presents the greatest task in terms of the time and money required. Because it would take years to complete, the solution would be outdated the day it is launched.

Action Item: Total cost of ownership is more than just licenses and implementation. It also includes factors such as telephony, training, hardware and data storage. Be sure to include all these costs when comparing the costs of various options.

4.0 Conclusion

Strategic Planning Assumption: By 2004, pharma companies that cannot leverage the Web, contact centers and selling organizations in an integrated, multichannel selling and influencing solution will find themselves losing market share (0.8 probability).

Several pharma companies are already in production with multichannel capabilities, and others are in development. Therefore, the Type A (i.e., aggressive adopters of technology) pharma companies that do not have these capabilities should evaluate multichannel CRM as soon as possible. Type B (i.e., mainstream adopters of technology) and Type C (i.e., conservative adopters of technology) pharmas should take a preliminary look at multichannel as they formulate their long-term strategies; but they will want to wait until there are more success stories from more of the vendors as an indicator of a more mature capability.

As guidelines for pharma companies to determine the best ways to utilize multichannel capabilities, several key facts should be noted, including:

- Direct and contract sales organizations can benefit from automated, shared views of the physician across the selling team.
- Direct-to-consumer advertising was made legal in the United States in 1997; and by 2000, it had approached $2.5 billion in annual sales. Coordination with the sales force is key to maximizing the effectiveness of these campaigns.
- Sales organizations are an underutilized resource in identifying and recruiting physicians for clinical trials.
- Contact centers can provide cost-effective physician coverage while increasing the level of service.
- The Web can be used for detailing and physician reference. It is a cost-effective means of increasing reach as well as frequency.

Consequently, Gartner offers the following recommendations:

- If a pharma’s current competitive advantage is limited to research and development, then multichannel is the next competitive advantage.
- Take a phased approach rather than trying to rush the project. Most companies try to do too much, too fast. A contact center alone is a major undertaking. Rushing the implementation is a prelude to disaster.
The Case for Multichannel Pharmaceutical CRM

- Stay focused on how processes must better serve the customer/physician; otherwise, a pharma is just wasting money on fancy technology.
- Build a multichannel strategy and carefully prioritize the requirements before interjecting the complexity of vendor selection.
- Ensure people have the requisite skills and that processes are well defined before deploying enabling technology. People will reject technology that merely enables bad processes.
Appendix A: Acronym Key

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM</td>
<td>Customer relationship management</td>
</tr>
<tr>
<td>Pharma</td>
<td>Pharmaceutical</td>
</tr>
<tr>
<td>SFA</td>
<td>Sales force automation</td>
</tr>
<tr>
<td>TCO</td>
<td>Total cost of ownership</td>
</tr>
</tbody>
</table>