

WHITEPAPER

Simplify to Amplify:

“Declutter” Your Current Customer Engagement Approach to Maximize Value



AUTHORED BY

Antonio Iervolino
Partner

Karan Raje
Principal

RESEARCH
CONTRIBUTORS

Sam Coates
Consultant

Tamara Kailas
Senior Associate Consultant

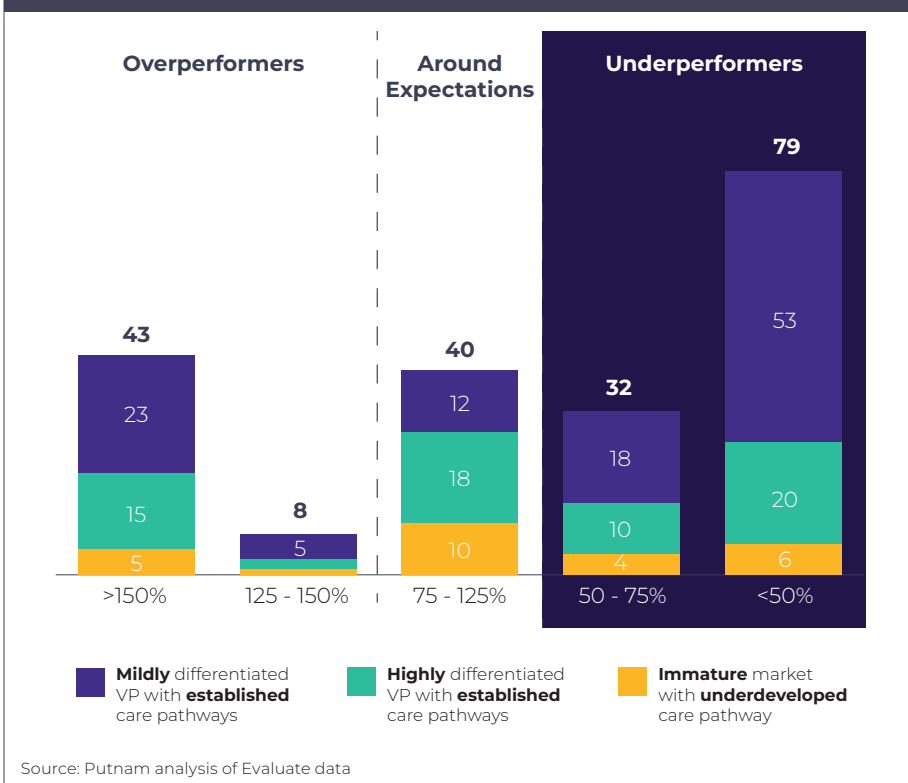
Customers have evolved; how has pharma's customer engagement model kept up with the pace of change?

More integrated. More data-led. More digitally connected. More time-pressed. More resource-constrained. Multiple environmental changes – technological, medical, and financial – have continued to drive a shift in the way pharma customers* operate and connect within the wider healthcare ecosystem. While we do not want to labor on trends that have been extensively covered in many publications, we do want to emphasize the increasing level of consolidation and interconnectivity across the healthcare value chain: such trends require and will continue to require a profound shift in the way pharma engages with integrated customers to maximize the magnitude and speed of product adoption. Multiple actors and organizations have emerged over the last few years: Integrated Delivery Networks (IDNs) in the US – whose market is forecast to double by 2030¹, Integrated Care Systems (ICS) in the UK, multiple regional integrated care initiatives across European markets and a general trend towards consolidation of healthcare providers and hospitals, further fueled by a more active role of private equity investment².

In just the past three years, the number of physicians employed by hospitals or corporate entities increased by 30%³. In the US, this consolidation can be attributed to the passage of the Affordable Care Act (driven by rising health care costs), COVID-19 disruption on independent physician groups' traditional ways of working, as well as increasing treatment complexity necessitating more centralized and specialized care⁴. Similar trends have been observed across European markets with NHS trusts consolidating in the UK⁵, a third of hospitals having undergone mergers in France between 2010-2017, and over 50% of hospitals in Germany being part of a wider healthcare network⁶.

While numerous initiatives – e.g., new frontline models, care pathway optimization collaboration - have been rolled out by pharma companies to tackle this change, multiple factors have hindered the overall performance: underdeveloped capabilities, sub-optimal investment, lack of sufficient sponsorship and, in many cases, gaps in fully grasping the nuances of these new customers and how to engage with them. This lag in performance is corroborated by our recent launch excellence study. In an analysis of just over 200 product launches since 2018, we found that more than 50% of launches continue to 'underperform' (consistent with the previous analysis⁷ released in October 2022), failing to meet analysts' pre-launch expectations of first-year revenues; a finding consistent across therapeutic areas (see Exhibit 1).

EXHIBIT 1. POST-LAUNCH PERFORMANCE VS. PRE-LAUNCH EXPECTATIONS (2018-22 LAUNCHES)

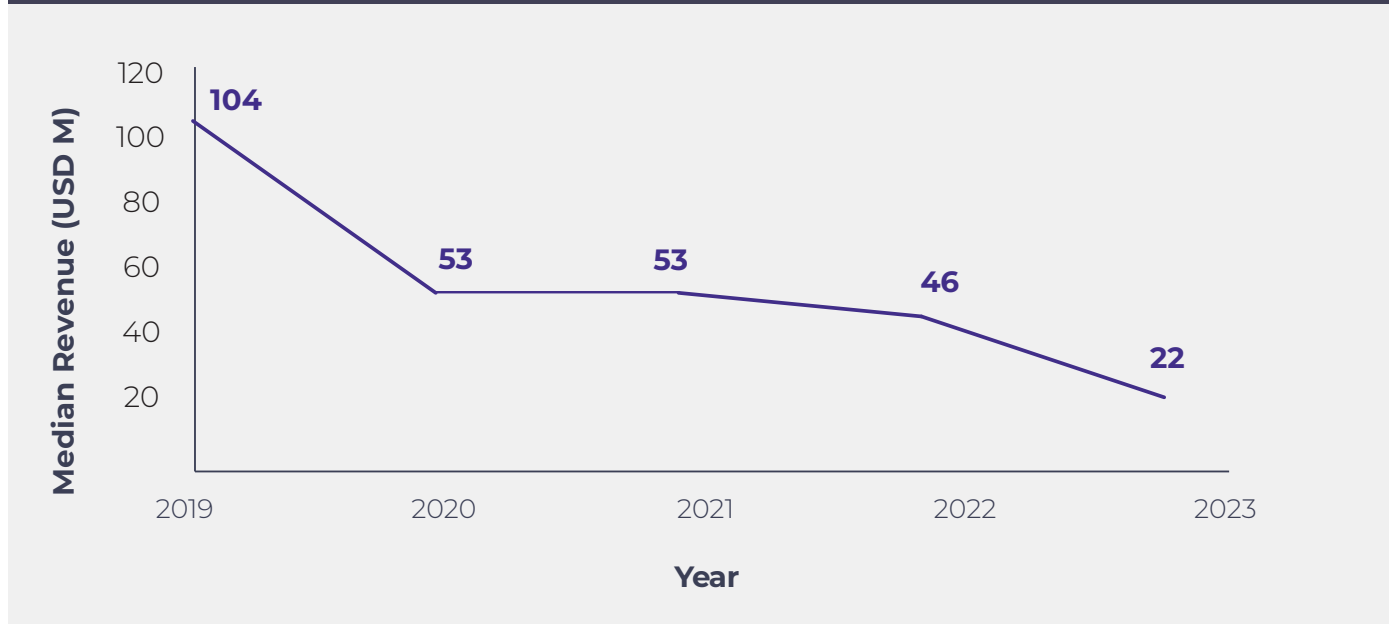


Speed of uptake for new launches was further observed as a challenge. The performance observed over the first two quarters post-launch has steadily declined since 2019 (see Exhibit 2). While this can be partially attributed to a different product mix, it highlights the complexity that exists with introducing new therapies in increasingly competitive environments or in markets that require significant efforts in terms of care pathway development and disease awareness.

With launches struggling to achieve rapid uptake and over half not meeting market expectations, what changes are needed to evolve the customer engagement model?

* In this context, we define pharma customers holistically, from clinicians, payers, patients, and other relevant healthcare stakeholders.

EXHIBIT 2. MEDIAN REVENUE FOR NEW LAUNCHES 2 QUARTERS POST-LAUNCH



Source: Putnam analysis of Evaluate data

Are we indexing on the right customer jobs?

As customers have evolved, so have their needs. Looking ahead, customers seek increasing support across the different steps of the patient journey. Similarly, the 'jobs to be done' from manufacturers to meaningfully engage with customers have shifted as more scientifically complex therapeutics have made their way to market.

The new customer is looking for more support 'upstream'. They want to be engaged early to learn about new therapies. They want better support in identifying the right patients and are eager to have access to data to better guide their clinical decisions. And, as they often operate in underdeveloped disease areas (i.e., limited therapeutic options, clinical guidelines), they play a greater role in shaping care pathways and are seeking greater collaboration and support from pharma players.

Putnam surveyed representatives of top pharma companies across various functional areas to better understand what organizations focus their current resources and efforts on and how their investment mix is articulated across key steps of the patient journey (see Exhibit 3).

When asked about current priority and resource allocation across the patient journey, biopharma organizations prioritized resource allotment for access & funding as well as treatment (i.e., HCP engagement to drive product adoption). That is not too surprising as those have been the areas that pharma's go-to-market model has historically focused on and the easier ones to influence.

Disease awareness & characterization was typically noted as second in priority and there is a clear under-indexing on the *diagnosis* and referral *steps*, which are typically the most difficult to tackle, but often the ones responsible for most of the value leakage. Despite the progressively increasing emphasis on patient engagement and support services, even *adherence and monitoring* continues to be an underserved area of the current customer engagement model. This mismatch between existing customer engagement focus and actual needs highlights a twofold opportunity to evolve the customer approach while optimizing the existing resources:

1. **For overserved areas** – such as treatment – the opportunity is to streamline the current HCP engagement model by decluttering all the legacy activities that no longer add value and leverage novel technologies to drive customer experience more efficiently (e.g., greater integration and better use of digital channels via improved content generation and dissemination).

2. For underserved areas, there is a large untapped potential that requires greater investment and focus to be, at least partially, unlocked. We do acknowledge that the return of investment in some of the underserved areas may take longer to materialize, and, where feasible, pharma companies operating in the same disease space may find it more beneficial to drive joint initiatives to, for example, accelerate care pathway development (e.g., more efficient diagnosis and referral).

EXHIBIT 3.

CUSTOMER ENGAGEMENT ALONG THE PATIENT JOURNEY	ENGAGEMENT NEEDS FOR CUSTOMERS	LEVEL OF PRIORITY FOR CUSTOMER	ALLOCATION OF RESOURCES FROM PHARMA
 DISEASE AWARENESS & CHARACTERIZATION	Disease awareness, deeper understanding of natural history, burden of disease	 Underserved by Pharma	
 ACCESS & FUNDING	Compelling evidence to support national / local access & funding, value-based pricing and innovative agreements where feasible		
 DIAGNOSIS	Faster and more precise diagnosis via care pathway improvement, novel diagnostics, greater multidisciplinary coordination	 Underserved by Pharma	
 REFERRAL	Primary care upskilling and greater connectivity among HCPs involved along the care pathway	 Underserved by Pharma	
 TREATMENT	Constant stream of robust evidence on novel drugs to guide treatment decisions and appropriate utilization on the right patient populations		 Overserved by Pharma
 ADHERENCE & MONITORING	Support system (mix of provider support and technology) to ensure optimal drug adherence and patient monitoring	 Underserved by Pharma	

 HIGH

 Moderate

 Low

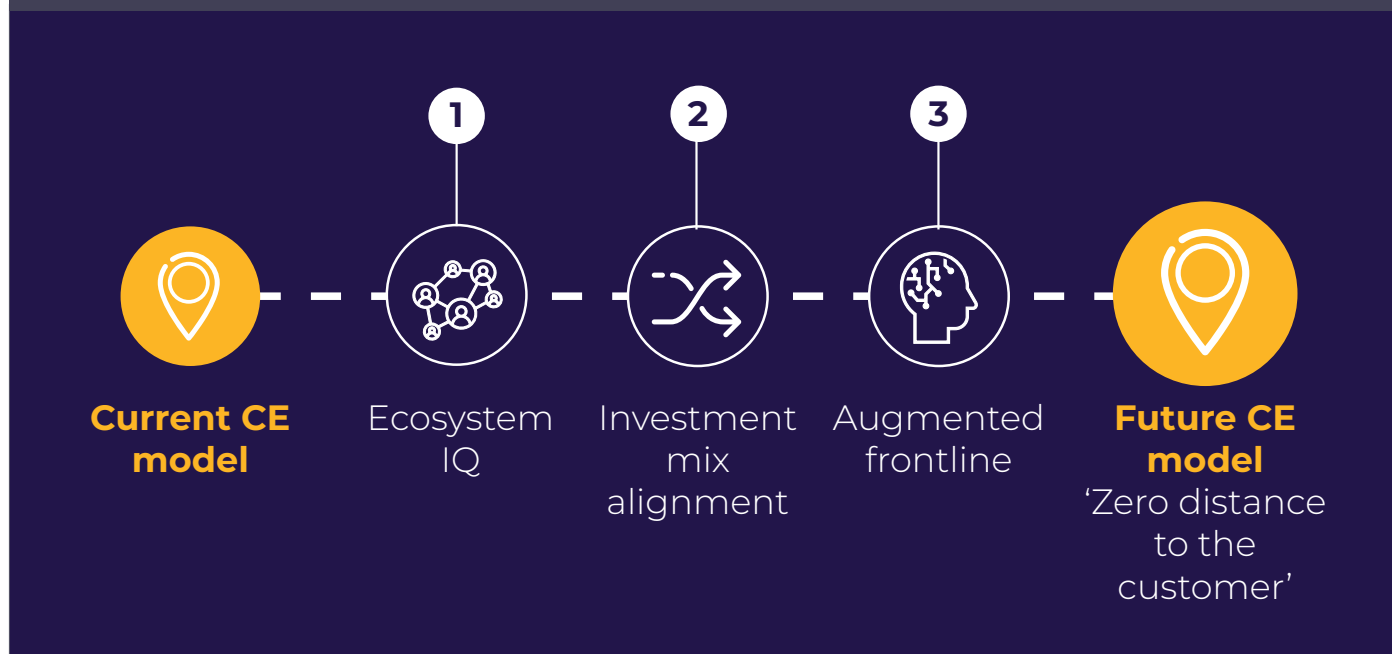
Overall, this lagging approach from pharma has resulted in piecemeal, incremental adjustments in their go-to-market strategy, resulting often in bulky and cluttered customer engagement models. As customers become more pressed for time and have increasing and more diverse needs for support, pharma needs to change its approach altogether and veer towards a zero-based mindset. Instead of focusing on adding incrementally, there needs to be a shift towards stripping away the low value jobs and refocusing effort on those customer jobs which are going to yield the most value.

Call to action: “Declutter” your customer engagement approach and focus on high-impact jobs

As pharma continues to evolve its customer engagement models to fully capture the value of its scientific innovation, we believe three focus areas (exhibit 4) will be critical to meet the needs of the customer of the future.

- Focus Area 1. Develop a strong ecosystem IQ across all levels of the customer organization.** High-performance organizations will develop high ecosystem IQ by intimately understanding the environment and its interconnected stakeholders, thus contributing to shaping the market and driving rapid adoption of medical innovation. They will also develop the ability to leverage stakeholder connectivity by engaging “higher up” the network, unlocking value at the top of the funnel, and accelerating uptake. At the individual customer level, they will possess a nuanced understanding of the most influential thought leaders (clinical and non-clinical) and they will engage early to build broad advocacy and improve cross-functional orchestration to maximize speed of uptake and overall customer experience.
- Focus Area 2. Align investment mix to key customer needs** along the patient journey and critically declutter ‘jobs’ that no longer add value. Such an approach means walking away from the comfort provided by an incremental approach to resource allocation and embracing a more critical, zero-based philosophy whose primary principle is to match customer needs with the appropriate investment focus, even if it leads to seemingly bold decisions not supported by historical benchmarks. This is the sole avenue to truly pursue ‘zero distance to customer’ as we have advocated in an earlier work⁸.
- Focus Area 3. Unlock the full potential of the augmented frontline** by amplifying the impact of customer-facing teams via two routes: a) a purposeful integration of technology (e.g., advanced analytics and AI/genAI) into daily field operations to maximize speed and competitiveness; b) a seamlessly integrated back-office team that acts as a true service provider to the frontline. It will require, non-optionally, to truly place the customer at the heart of the organization and become more agile and responsive to the customer’s requests and needs.

EXHIBIT 4. THREE FOCUS AREAS TOWARDS THE FUTURE CUSTOMER ENGAGEMENT MODEL



Organizations have an opportunity to better prepare for the customer of the future. Anticipating the needs of the customer and designing your engagement model to focus on the highest impact jobs can help improve the trajectory of future product launches and support your success in breaking through tomorrow's market. It may require going back to the drawing board, simplifying (i.e., decluttering) some legacy components (e.g., obsessive emphasis on call frequency) to carve out space for higher impact investments with the goal of ultimately amplifying the customer experience.

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