

# Closed Loop Marketing in Pharma Survey

Life Sciences Market Survey 2010

*How are pharmaceutical firms deploying and using CLM?*

*What is its impact on commercial operations?*

Evaluation, p.2

Launch, p.2

Expansion, p.3

Segmentation/Messaging, p.3

Technology Decisions, p.3

Usage Impact, p.3

Analytics Impact, p.4

Promotional Compliance, p.4

Operations Impact, p.4

Recommendations, p.4

## Executive Summary

HighPoint Solutions, a provider of specialized IT services for the life sciences and healthcare industries, conducted a survey in October 2010 on closed loop marketing (CLM). Over 100 questionnaires were sent to sales, marketing, market research, and commercial IT managers and executives in the life sciences industry. The purpose of the survey was to document current practices in the life sciences industry regarding closed loop marketing and gain insight into its commercial impact.

Our objectives were to:

- Gain insight into where CLM is being used and where companies are planning to use it;
- Understand any new approaches companies have taken in deploying the CLM programs;
- Explore how it has improved sales force effectiveness, sales and marketing productivity, and overall company performance.

## CLM Adoption Not Yet Widespread

It is clear that despite the buzz around closed loop marketing, it has not yet become pervasive throughout life sciences. Nearly 41% of respondents were considering implementing CLM but had not yet started and 22% of organizations reported that they were not even considering implementing CLM at this time. Of the companies that do plan to implement CLM, over half of those do not intend to begin until 2012.

## Reasons for Implementation Vary, but Approach is Consistent

The motivations for implementing CLM varied widely across organizations, with primary drivers being better analytics, more customized messaging, and improved promotional compliance. Despite these differing motivations, organizations reported

taking remarkably similar approaches to implementation. The vast majority of organizations (75%) reported that marketing drove the initiative, beginning in the United States. Over 80% of firms started implementation with tablet detailing, mostly with specialty/hospital sales forces before expanding internally to other sales forces and geographies.

A small group of companies, however, is looking to expand their CLM capabilities into other channels. Several mentioned developing CLM-based eDetail materials for use by call center-based representatives. One respondent indicated that they would be exploring ways to use CLM with speaker programs, presumably by gauging interest in and response to speaker presentations.

### Significant Challenges Remain

Despite rapid advances, the technology of CLM remains an obstacle; 38% of respondents indicated that they had experienced technology failures and nearly as many expressed difficulty in managing digital and hard copy materials simultaneously in the field.

The majority of sales forces reported CLM increases the time they spend with their targets, but there is no consensus on whether the quality of that time has improved as well. Nearly all respondents indicated it was difficult to gather any insights from CLM due to problems with data integration and reporting, the materials approval process, resource constraints, or inadequate data. Organizations are capturing a significant amount of data through CLM, but are not yet using it to its full potential.

### Uncertainty over ROI

Despite the significant investment of CLM, over 60% of organizations were unable to determine whether it had prompted a lift in sales. Of the respondents, 66% noted significant or nominal rises in the cost of content creation and operations support with a corresponding decrease in the cost of distribution content. Most were uncertain as to whether the savings outweighed the additional costs but indicated that their organizations believed there was no monetary ROI.

Given that most organizations decided to implement CLM in the hopes of improving their business processes rather than seeking a direct impact on costs or sales, it is not surprising that, despite unproven ROI, organizations are continuing to move forward with their CLM initiatives.

## Survey Findings

### Evaluation

Over 25% of respondents had not yet implemented CLM in their organization, indicating that adoption of CLM in the pharmaceutical industry is not yet widespread. However, the survey implies that it could become pervasive by 2012. Among those not using CLM today, 80% were either considering implementing it or already evaluating requirements. Nearly 65% of respondents indicated that they planned to begin implementation by 2012, with 40% indicating that their CLM project would begin within the next 12 months.

### Launch

Organizations that have begun their CLM initiative reported varying motivations for doing so, but over 60% of respondents indicated that their most important objective was to deliver the right message to the customer through the right channel. Improved promotional compliance was also a significant benefit driver in the decision to launch a CLM program as were the desires to improve promotional response analytics and reduce marketing spend.

Despite the divergent objectives, most organizations took a surprisingly similar approach to implementation. More than 50% of respondents implemented CLM in their specialty sales force first, beginning with the tablet detailing channel. CLM programs are generally initiated by marketing, but not exclusively; for a smaller number of companies, sales or IT was the primary driver of the initiative.

### Expansion

Once the CLM implementation had begun, most organizations extended the initiative to the remainder of their specialty sales forces, their primary care sales force, or the entire sales organization. A small group of companies instead expanded CLM into other channels, with several developing CLM-based eDetail materials for use by representatives based in call centers and one respondent citing an intention to use CLM with speaker programs.

While most expansion decisions were focused on the U.S. market, 40% of respondents intended to expand CLM into Europe and/or the Americas. Most of those surveyed had also integrated CLM with other systems; over 90% had already integrated CLM with SFA or planned to do so within the next year and 50% had integrated the submission of medical information requests.

### Segmentation & Messaging

75% of those surveyed were already providing tailored, customized messaging based on customer segments prior to their CLM implementation. The CLM program prompted adjustments to segmentation and messaging decisions, but did not drive them.

In general, the objective of customized CLM messages, as reported by 75% of respondents, is to either provide regional managed care information along with product information or to solicit information and feedback.

### Technology Decisions

The survey revealed that no CLM technology has yet emerged on top. About 50% of respondents are using Exploria as their CLM platform, with the remainder fairly evenly split between Oracle PCD and Skura. This is mirrored in the responses about organizations' current tablet manufacturer. About 50% are using Lenovo, with the remainder split between Dell and HP. With rapid advances in tablet technology, it is no surprise that firms are not yet committed to one brand.

### Usage Impact

While most organizations report a neutral or positive response from the sales force and an increase in time spent with their targets, it is clear from the responses that significant challenges still remain, even 6 to 12 months after implementation. Technology failure was cited as the biggest inhibitor of adoption and use reported by respondents with a majority planning to change their hardware platform in the next 6 months as a result. A significant group of respondents felt their sales forces were also struggling with managing both digital and hard copies of materials during discussions. Thus, it is not surprising that the pharmaceutical firms overwhelmingly cited a vendor's track record in gaining adoption and usage as the most important criteria in choosing a partner.

When asked if their CLM program had yielded any new insights, the answers were overwhelmingly negative, though for varied reasons, which include difficulty with data integration and reporting, resource constraints, inadequate data, and challenges with the material approval process. Organizations were generally uncertain as to CLM's monetary ROI and its impact on sales.

## **Analytics Impact**

It is hard to imagine that this uncertainty about CLM's impact is the result of a lack of data. Over 60% of organizations capture feedback from the majority of conversations with healthcare professionals. The transactional data captured includes which presentations and assets are shown to whom and when and how much time is spent discussing each presentation and asset. 83% of organizations harvest some non-transactional data as well, including sample signatures, marketing information requests, how individual messages are received, and other data to enhance a viewer's profile.

However, it does seem that CLM analytics are limited to generating standard reports and fine-tuning segmentation and messaging models. 40% of respondents are sharing the transactional data captured with the sales force through SFA, with the remainder reporting that data is used to enrich the sales interaction by steering the course of the discussion, refining target segments, or specifying which presentations reps should use for specific segments. Even though 40% of respondents had developed digital sales aids with interactive survey and polling question capabilities, most were not using CLM to gather additional insights into customer interests or preferences. Many companies indicated that data quality and integration challenges were preventing them from conducting more advanced analytics.

## **Promotional Compliance Impact**

Since most companies cited improved promotional compliance as an important benefit they expected to receive from CLM, it is reassuring that nearly all reported some degree of improvement following the implementation. As expected, in the majority of organizations, the implementation of closed loop marketing necessitated some revisions to the materials approval process. While a significant minority of respondents reported that the review cycles for a new CLM asset or presentation took longer than other types of materials, most did not see a change in the length of the approval process.

## **Operations Impact**

Nearly all organizations did notice an increase in the cost of creating content, with 66% of them indicating that the increase was only nominal. Over 90% saw an increase in the cost of operations support. Although 33% of organizations added 5 to 10 additional employees to help support the CLM initiative, the majority relied on existing employees for support. The few respondents that created a new organization to own the CLM initiative were generally the ones that reported significant increases in operational costs. Potentially balancing this out was a widely reported decrease in the cost of content distribution, although most organizations were uncertain as to whether this savings outweighed the increased costs of content creation and operational support.

## **Recommendations**

### **For Firms that have Implemented CLM**

#### **Leverage the Loop**

Take better advantage of the continuous feedback mechanism you have created. Use it to create opportunities for enriched discussions with customers and, through integrated databases, for understanding and responding to their interests and needs.

#### **Stop Counting and Start Measuring**

Guide your organization toward assessing the impact of or response to messages. Extending "reach and frequency" thinking to CLM programs will almost guarantee underwhelming results.

## **Look Beyond Digitizing the Sales Aid**

Consider and explore other channels where you can use your CLM capabilities. Conduct experiments or pilots to gain additional experience and expertise.

### **For Companies That Have Not Implemented CLM**

#### **Without a Map, Expect Detours and Delays**

Closed loop marketing has an opportunity to balance external promotional efforts with analytical message refinement and redeployment to touch the right customer, with the right message in the right & compliant way. Developing a vision and roadmap with key stakeholders from across the commercial model is a critical first step to implementing CLM.

#### **The Journey Will Be Worth the Wait**

Early adopters of CLM worked through various process, technology, and data issues because they committed to a long-term program for gathering and analyzing customer interaction data. Most are expecting it to take 12 to 18 months to gather enough data for meaningful analysis.

## **About HighPoint Solutions**

HighPoint Solutions is a premier provider of specialized IT services with vertically-focused business consulting, system integration, professional service, and managed hosting solutions for life sciences and healthcare companies. Since 2000, our 350 consultants have provided business consulting and technology solutions that continue to deliver business value and competitive advantage to more than 140 clients nationwide.

We are leaders in transforming existing sales & marketing organizations into CLM-enabled organizations. We have extensive experience working with mid- to large-sized life science companies, assisting them in developing their CLM strategy, implementing processes and technology to support CLM, and defining and creating analytical solutions to measure the results and impacts of CLM.

HighPoint Solutions is headquartered in King of Prussia, PA with additional offices in Boston, New Jersey, Chicago, and California. For more information, visit [www.highpoint-solutions.com](http://www.highpoint-solutions.com).