



Infuse Anonymized Patient-Level Information into the Brand-Planning Process to Drive Profitable Growth

By Jim Carroll and Taryn Foniri

Pharmaceuticals at a Crossroads

With income growth falling to single-digit levels, the pharmaceutical industry is rapidly reaching a crossroads. To be successful, pharmaceutical companies will need to do a better job of finding and exploiting revenue opportunities while optimizing resources. Doing this requires a solid understanding of both the customer and consumer and the underlying drivers of behavior within the competitive context. Compared to other, more consumer-oriented industries, however, the pharmaceutical industry lags behind when it comes to understanding the dynamics between its customers (physicians and payors) and its consumers (the patients they treat). While much is known about the pharmaceutical brands that physicians prescribe, little is known about the patient treatment context that drives physicians to initiate treatment and to actively manage it. A better, more balanced understanding of the overall context in which these brands are used, the ways in which patients are actually treated, the underlying drivers of physician behavior, and the resulting positive implications on patient outcomes, has the potential to greatly enhance companies' prospects for growth.

APLD = New Opportunities for Growth

Much has been written about anonymized patient-level data (APLD) and its ability to help companies understand, at both a national and physician level, the behaviors of treated patients using source of business metrics. While significantly more valuable than dispensed prescription data alone, these metrics represent only the tip of the iceberg when it comes to the applications of this rich source. APLD allows brand teams to understand the key characteristics and

behaviors of physicians and the patients they treat with a greater degree of insight than ever before. Through an improved understanding of the customer/consumer dynamic within healthcare, a new realm of opportunities is uncovered to fuel growth demands. When used to its full potential, APLD can enhance companies' abilities to:

- Segment the market in new ways that can lead to competitive advantage
- Identify novel opportunities for growth
- Seamlessly link marketing and sales strategies to ensure that the right messages are reaching the right stakeholders at the right time
- Measure performance using key indicators that allow companies to align performance with strategic objectives, identify mid-course opportunities and threats, and improve marketing and sales effectiveness

APLD allows pharmaceutical companies to identify new opportunities, allocate resources more efficiently to pursue these opportunities, and drive more profitable growth in today's complex environment.

In order to fully realize these benefits, it is a strategic imperative for companies to use APLD-driven insights to inform their key commercialization activities – starting with the annual brand-planning process. But how?

Infusing APLD into the Brand-Planning Process

The annual brand-planning process consists of several key phases: the situational assessment, the development of objectives, strategies and tactics, the execution, and the ongoing evaluation of performance.

To drive profitable growth, APLD should be applied to the following three phases of the annual-brand planning process:

- I. The situational assessment
- II. The development of marketing objectives and strategies
- III. The ongoing evaluation of performance

The following examples illustrate how brand managers and market researchers can successfully leverage APLD during these important phases of the brand-planning process to identify and pursue opportunities to drive profitable brand growth.

I. Uncovering New Opportunities as Part of the Situational Assessment

During the situational assessment, a pivotal phase of the annual planning exercise, brand teams evaluate the current status of their brands by subjecting them to a thorough business review. Brand teams use this information to inform their SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, which then serves as a critical building block for the strategic plan for the coming year. During the situational assessment, brand teams assess a number of different macro- and micro-environmental factors that have the potential to impact brand performance, including the political / legal environment, competitive dynamics, and customer/ consumer interactions. APLD has the potential to add more clarity to the assessment than traditional intelligence sources, specifically as it pertains to the following key areas:

- Market sizing
- Patient segmentation
- Treatment dynamics / patient-flow
- Patient adherence
- Cost of care
- Competitive dynamics

As the following two examples will illustrate, the novel perspectives introduced through the use of this source can lead to the identification of opportunities that may not have been visible using traditional market intelligence.

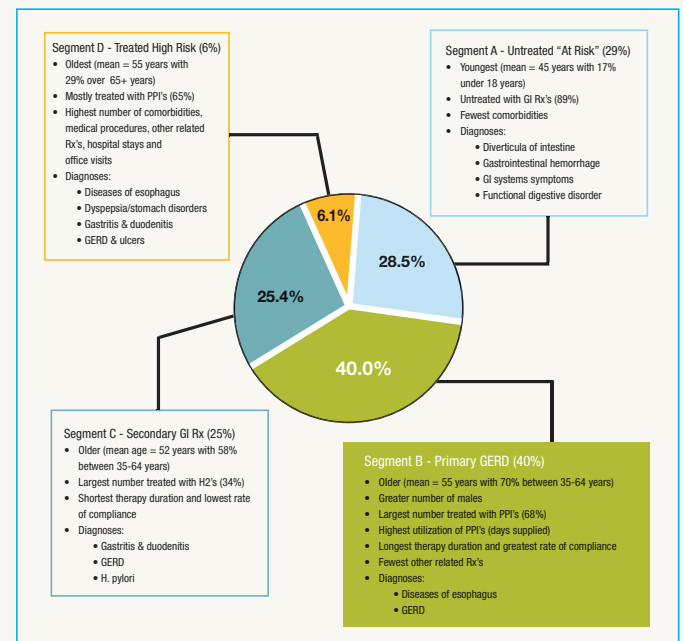
Example 1: APLD-Driven Patient Segmentation

A significant player in the proton pump inhibitor (PPI)

class used patient segmentation to better understand the Gastroesophageal Reflux Disease (GERD) market. The company had a hypothesis that utilization in this market (which is characterized by a high volume of patient switches and re-starts) varied significantly based on the clinical profile of patients, and was interested in segmenting the market along clinical and demographic characteristics to identify those segments that represented the highest current and potential value to the brand. APLD became a critical input to this process, since it was the only comprehensive source of healthcare utilization information available that would allow them to calculate a given segment's value to the brand based on actual, segment-specific utilization patterns.

FIG. 1: APLD-DRIVEN PATIENT SEGMENTATION

SEGMENT B REPRESENTED GREATEST POTENTIAL VALUE TO BRAND ON ACCOUNT OF ITS SIZE AND UTILIZATION OF PPI'S.



Source: PharMetrics Market Profiler

The increased precision afforded by APLD-driven segmentation allows brand teams to focus their attention and resources on the portions of the market that matter most to their brands – leading to better resource allocation and better brand performance.

The assessment revealed four key patient segments, with Segment B representing the greatest current and potential value to the brand (Fig. 1). Segment B patients, which represented 40% of the entire market, were more likely to have a primary diagnosis of GERD and be treated with a PPI. This segment utilized more pills over longer periods of time than any other segment, making it the greatest per-patient source of revenue for the brand.

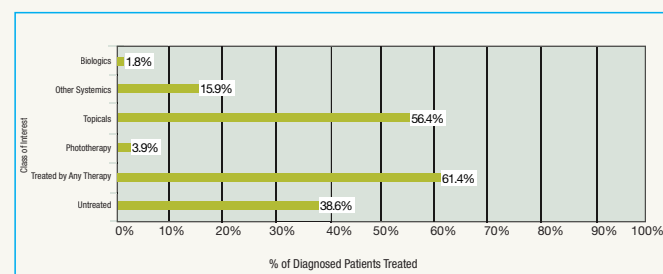
Based on this information, the company was equipped to re-align its positioning, targeting and messaging strategies with the most appropriate tactical investments to increase their share of Segment B patients and ultimately maximize their brand's performance. APLD enabled the company to segment their market with a greater degree of precision than what would have been available using traditional market intelligence, and allowed them to identify opportunities to maximize their brand's performance that would have otherwise gone unnoticed.

Example 2: Treatment Dynamics/Patient Flow

A large biologics manufacturer had launched a product that was indicated for the treatment of moderate to severe psoriasis, and was interested in understanding how actual use of its product aligned with their labeling (the product was indicated for use in patients who were candidates for phototherapy, a non-pharmacologic treatment, and other systemics). APLD was critical to this process as it was the only source available that allowed them to accurately track usage of their biologic product, and assess usage of non-pharmacologic therapies, such as phototherapy. Interestingly, the analysis revealed that few patients were actually progressing to phototherapy – indicating that the brand's key competition was primarily coming from other systemics (Fig. 2) – a treatment dynamic that had not been readily apparent based on the traditional market intelligence they had been using. By highlighting how the brand fit into the current treatment algorithm, the brand team had the necessary insights required to develop more appropriate and compelling messages for physicians, as well as a potential advantage over competitors who were unaware of this critical treatment dynamic.

FIG. 2: PERCENT OF PATIENTS TREATED BY CLASSES OF INTEREST

FEW PATIENTS PROGRESS TO PHOTOTHERAPY IN THE PSORIASIS MARKET.



Source: PharMetrics Market Profiler

APLD provides an understanding of actual, real-world treatment dynamics, and allows brand teams to design more compelling, targeted messages as well as tactics.

II. Developing Meaningful Objectives, Strategies and Tactics

Once the situational assessment has been completed and distilled into the SWOT framework, brand teams will then prioritize the most promising opportunities and the most significant threats and use this prioritized list to drive the development of objectives and strategies for the next implementation cycle. The insights generated during the situational assessment are used to not only populate the SWOT framework but also to inform a number of other strategic-level activities that are found in the annual brand plan, including:

- Forecasts, both near-term and long-term
- Investment planning, including clinical and promotional programs
- Positioning, targeting and messaging

The increased market insight that APLD provides ensures that the right clinically-driven message is getting to the right audience at the right time in the flow of patient care to drive desired behaviors and increase utilization.

III. Optimizing Performance Evaluation

Having articulated the marketing objectives, strategies, positioning, investment plan and tactics in the annual brand plan, brand teams must then identify a meaningful set of metrics that they can use to evaluate performance during



the implementation cycle. These metrics will serve to establish measurement parameters so that the brand team can keep performance on track and course correct as necessary. One of the unique benefits of APLD is that the increased granularity it provides enables a tighter link between the marketing objectives called out in the brand plan and the metrics that are used to evaluate performance. This tighter link improves the likelihood of actually achieving the marketing objectives that have been set for the brand.

For example, during the situational assessment, a brand team may use APLD to identify a set of specific patient and physician behaviors that it would like to influence to promote maximum brand utilization, and use these insights to develop a set of strategies and tactics to achieve this objective. Using APLD, the team can then evaluate how specific behaviors were influenced, and course correct as necessary to ensure that objectives are achieved – something they previously could not have accomplished using TRx and NRx metrics alone. In fact, using APLD, brand teams are better able to identify and diagnose potential issues and opportunities and respond with a targeted series of actions faster and more effectively, which significantly improves their chances of success.

To optimize performance evaluation, APLD is best for monitoring three key areas:

- Evaluation against marketing objectives
- Identification of mid-course opportunities and threats
- Evaluation of marketing and sales effectiveness

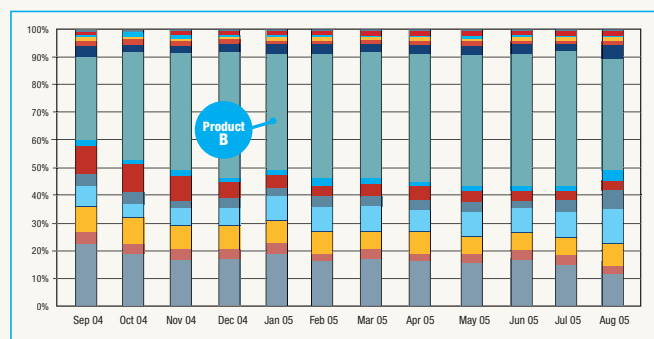
The following two examples illustrate how APLD can enhance the ongoing performance evaluation process.

Example 3: Evaluation Against Marketing Objectives

A manufacturer had recently introduced a line extension for a product that would soon be going off patent. The manufacturer's marketing objective was to transition a high percentage of patients from the legacy product to the newer formulation as a means of retaining patients. Using APLD, the company was able to translate this marketing objective into a performance metric that allowed them to track the volume of patients switching from the old brand (Product A) to the new brand (Product B) – something they would have been unable to do using the more traditional NRx and TRx metrics (Fig. 3). This new, APLD-driven performance metric allowed them to evaluate their success in meeting their strategic objective, and gave them the

ability to quickly identify deviations in performance so that they could quickly refine their tactics as necessary and ensure that they were able to deliver on this expectation.

FIG. 3: PRODUCT A SWITCH FROM DISTRIBUTION (%)
THE BULK OF SWITCHING FROM PRODUCT A IS TO PRODUCT B.



Source: IMS NPA Market Dynamics™

Visibility to performance metrics that are tied to strategic objectives improves the brand team's ability to manage and deliver on expectations, as they are better able to evaluate performance and refine tactics throughout the year to ensure optimal performance.

Example 4: Identification of Mid-Course Opportunities and Threats

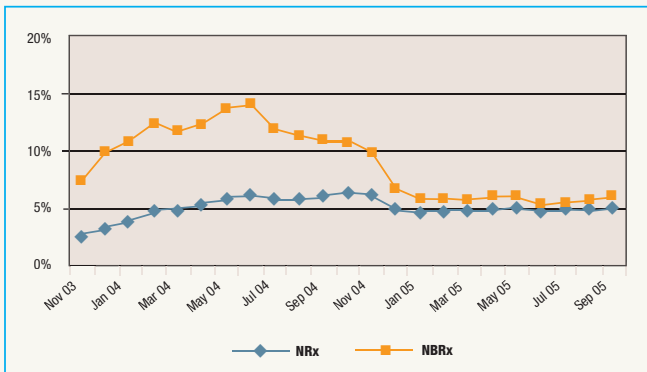
APLD-driven performance metrics can also provide an earlier warning of mid-course opportunities and threats, which allows teams to respond earlier-on to keep performance on track.

In this example, it was critical for the brand team to understand how much actual new business they were attracting at any point in time, as this metric often acts as a leading indicator of future product performance since it reflects the most current physician prescribing decisions (as opposed to the more traditional NRx metric which measures the number of new 'pieces of paper', and can be skewed towards more historical physician prescribing decisions). In Figure 4 the product's new to brand (NBRx) share is compared to the more traditional new prescription share metric (NRx). This particular product was competing in a market where a competitive product had recently been launched. Using NRx-only, it would have been difficult for the brand team to gauge the effect of the launch on their brand's performance.

However, by looking at the new to brand metric, the brand team was able to see that physicians were writing fewer prescriptions for their brand for truly new patients, which ultimately had a negative effect on the product's future performance. In this case, the NBRx share decline from July 2004 to January 2005 was a precursor to the product's flat NRx share. Therefore, by using the new to brand metric, the brand team was in a position to take corrective action sooner and potentially prevent a slow down in the brand's growth.

FIG. 4: NRX AND NBRX SHARE TRENDS

THE NBRX SHARE DECLINE FROM JULY 2004 TO JANUARY 2005 WAS A PRECURSOR TO THE PRODUCT'S FLAT NRX SHARE IN 2005.



Source: IMS NPA New to Brand™

APLD = Key to Success

In order to be successful in today's complex environment, pharmaceutical companies need to better understand the dynamics between the key customers (physicians and payors) and consumers (patients) they serve. APLD represents the best source for understanding these dynamics. By infusing APLD into their annual brand-planning process, pharmaceutical companies will be better equipped to identify new opportunities for growth, more appropriately invest resources to pursue those opportunities, and optimally align marketing and sales activities to drive profitable growth. ●

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Jim Carroll is responsible for the design, creation and management of APLD-driven intelligence solutions, including the Profiler Series, which enables brand teams to make better strategic decisions and improve their performance.

Carroll's background includes over fifteen years in the healthcare industry, with extensive experience in pharmaceutical marketing and new product development. Carroll has spoken at many industry conferences on improving brand performance through the use of APLD. He is based in Watertown, MA and can be reached at jcarroll@pharmetrics.com

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Foniri's background includes several years of experience as a marketing strategy consultant for the Monitor Group, a management-consulting firm that focuses on the top management issues most critical to pharmaceutical and biotech industries. Foniri has written several articles on the applications of APLD to brand strategy. She is based in Watertown, MA and can be reached at tfoniri@pharmetrics.com

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