Virtual Brand Management: Optimizing Brand Contribution

The Challenge
The pharmaceuticals industry today is facing nothing short of a crisis. For starters, a reduced number of new drug applications (NDAs) approved by the Federal Drug Administration (FDA) has created an aging product portfolio, with 50% of revenues generated in the industry attributable to mature brands by 2015. Moreover, increased pricing pressure is leading to lower revenues and investment in critical infrastructure. Add to this the change in influence patterns over pharmaceutical product utilization increasing the clout of payers, patients and health systems, and you have an industry in search of a massive makeover.

To optimize revenue contribution across the lifecycle, life sciences companies need to pull the following value levers intended to optimize brand contribution:

- Virtualization
- Innovation
- Efficiency
- Effectiveness

How can life sciences companies work with strategic partners to optimize revenue contribution across their product portfolios, thereby re-energizing brand management? Read on.

The Change Imperative
Brand management is a strategically-focused function that creates and executes marketing strategies that drive awareness, trial, adoption and, ultimately, product demand and utilization. The activities assumed by the brand marketing function enable business units to promote products quickly, cost-effectively and more efficiently. However, traditional brand management approaches often require significant infrastructure, including many systems and large business operations teams to support the activities executed by a mass of internal and external resources.

Moreover, conventional marketing approaches focus on launch and/or growth-stage brands in an attempt to drive market share and revenue that must be available to sustain the corresponding investment. This creates an environment with predetermined financial contribution thresholds and competing priorities for individual brands, within the company’s portfolio.

Yet another challenge pharmaceuticals companies face is aligning promotional investments with specific product lifecycle stages. A recent study on commercial models in eight major countries, including the UK, Germany, France, Italy and Spain, estimated that $15 billion in promotional
Virtual Brand Management Overlaid Solution

Portfolio optimization is driving the need to overlay value lever solutions that focus on improving individual brand contribution.

- Decouple competing brand resources
- Leverage a strategic “best practices” partner model
- Gain sustainability in a dynamic environment

Virtualization

Reduce Risk

- Reduce Cap-Ex, improve utilization
- Bottom-line impact, market opportunity

Reduce Cost

- Benefit from one-source agency model
- Optimize lifecycle-stage spend
- Variabilize for peak support requirements

Efficiency

- Align resource utilization with promotional lifecycle
- Drive top line while optimizing costs
- Extend promotional lifecycle
- Loss of exclusivity and niche market launch capabilities

Impact on Business

Effectiveness

- Establish best practices
- Improve compliance
- Leverage product lifecycle insights
- Reassess KPIs across targeted brands

Portfolio optimization is driving the need to overlay value lever solutions that focus on improving individual brand contribution. The findings clearly highlight the need for brand teams to establish business objectives by individual product lifecycle stages that impact the product’s top-line and/or bottom-line contribution.

As noted above, virtualization, innovation, effectiveness and efficiency (see Figure 1) are driving life sciences companies to embrace business solutions that focus on portfolio management. Their goals:

- Maximize late-stage and/or niche-market brands with a scalable and complementary virtual marketing team.
- Improve individual brands’ top-line revenue by decoupling resources.
- Reduce cost by transitioning away from traditional agency models.
- Cut business-cycle time and time to market by leveraging product lifecycle insights and optimizing resource allocation.

Virtual Brand Management: Strategic Partnership Model

In our view, virtual brand management (VBM) must be delivered as a scalable commercial resource optimization framework that empowers life sciences companies to strategically decouple management of non-core brands (those with low resource utilization contribution, i.e., legacy, nominally differentiated and/or niche market). This enables companies to focus on driving core brands that yield the highest level of returns on internal resource contribution in an environment absent of competing priorities.

As a strategic partnership framework, VBM must align end-to-end marketing value levers to optimize brand contribution (see Figure 2). For example, our VBM framework incorporates an optimal one-source agency model that consolidates overlapping spend per individual and/or multiple brand(s). It also eliminates redundant structural cost drivers and reduces total cost of delivery. By reallocating strategic resources from non-core brands, this approach potentially enables double annuity benefits – for example, increases in top-line revenue from “core” brands.

At the same time, revenues from “non-core” brands are optimized by moving to a VBM resourced model, based on the lifecycle stage of the brand.

The scalable VBM framework brings together a powerful combination of on-site project management partnering, best marketing practices, leading-edge technology and lifecycle planning to identify and execute on actionable insights.
VBM Aligned With Key Marketing Value Levers

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<th>Benefits</th>
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<td>• Creative services</td>
<td>• Optimized (consistent and efficient) agency service model</td>
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<td>• Medical communications</td>
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<td>• Message development/testing</td>
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<td>• Strategic portfolio planning</td>
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Figure 2

Cognizant’s VBM Advantage

Underperforming Brand Portfolio
- Client’s actively promoted products consist of mature brands and seek to maximize overall portfolio revenue.
- Internal brand marketing resources are constrained to support existing core launch and growth brands.
- Client seeking a strategic marketing partner that can help maximize revenue from other portfolio brands, regardless of promotional lifecycle stage.

“Brand A” Background
- 505b(1) NDA combination oral product.
- Originally received FDA approval in 2006.
- Not launched, as sales forecast did not meet internal contribution threshold.

Benefits
- Optimal one-source agency model.
- Completion of all strategy and content for launch timing requirements.
- Considering additional revenue growth opportunities suggested by our team.

Deliverables
We exclusively managed entire Brand A promotional budget, developed branded Web site and executed a series of projects:
- Brand positioning and strategy, strategic drivers, market landscape, therapeutic area analysis, brand plan and tactical plans.
- Market research support, including qualitative and quantitative analysis.
- Development of reports and Web metrics of digital (Web site, media) and print (direct mail, e-mail) assets based on brand performance objectives.
- Optimization of digital media plan and account services associated with coordination, planning, buying and placement of digital media.
- Creative development of static and brand Web-site interactive assets.
- Campaign management.

cognizant solution overview
VBM Portfolio Mapping Framework

This framework identifies potential partnering opportunities based on brand stage and contribution.

High
- First to second in class
- Effective marketing mix
- Growth mode
- Personal promotion focus
- Superior data
- Unique skill sets

"Core" Brands
- Extensive internal resources
- Dedicated or large sales force

"Non Core" Brands
- Support launch activities to maximize adoption
- Drive niche market brand
- Minimize rate of decline

Low
- Declining market
- Established class
- Generic options
- Market shaping
- Niche market
- Nominal differentiation
- Non-personal promotion focus

Support launch activities to maximize adoption
- Drive niche market brand
- Minimize rate of decline

Figure 3

The Approach

Our VBM service consists of the following components:

- **Scope definition and data collection:** A typical engagement kicks off with executive-level discussions to establish short- and long-term priorities and a definition of project scope. During this stage, data is also collected from secondary sources, including interviews and workshops across various key stakeholders.

- **Non-core analysis:** An in-depth portfolio assessment exercise is performed to identify and prioritize non-core brands related to individual brand contribution comparisons. Furthermore, the portfolio is assessed for promotional spend by brand lifecycle stage, which has a direct impact on maximizing ROI.

- **End-state definition:** The portfolio mapping framework identifies potential partnering opportunities based on brand stage and contribution – whether to support, drive, augment or optimize a particular brand (see Figure 3).

- **Final recommendations and roadmap creation:** From this point on, the client teams focus resources on core brands yielding the highest utilization returns. Meanwhile, the VBM team, in collaboration with the client team, focuses on optimizing non-core brands. This is where the partnership exploits more efficient and effective promotional approaches to maintain or grow share, while streamlining costs. This is followed by a diversion of incremental internal resources toward core brands.

The key elements of a VBM framework encompass a strategic partnership approach that focuses on implementing a series of comprehensive marketing value levers on identified brands that drive incremental contribution.

Conclusion

Business uncertainty and demands to optimize individual brand contribution are driving the need for strategic partnerships. This is why leading pharmaceutical companies are rethinking how best to re-energize their brand management models to optimize portfolio contribution to top- and bottom-line performance.

Virtual brand management is a single-point solution that leverages people, processes and technology across our life science Centers of Excellence to help clients meet future business challenges, today.
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