



Information versus insight: Are you really closing the loop?

Today, Life Science companies are challenged to increase both efficiency and effectiveness across marketing and sales activities while enhancing customer focus. One approach to meeting this challenge lies in the successful application of closed-loop marketing (CLM). CLM enables cutting-edge business capabilities and detailed customer data to be leveraged to optimize marketing and sales efforts across channels, creating value for both customers and the company (see Figure 1). However, implementing CLM has proven difficult for many in our industry.

Many companies outside of Pharma have successfully applied closed-loop approaches where the analysis of customer data delivers actionable insights. These enable the company to drive value for customers while maximizing

channel effectiveness and efficiency by delivering the most relevant message, content or offering to the right customer in the format they prefer.

Has the opportunity really been seized in Life Sciences?

Have the benefits of customer centricity been realized?

Has the end goal of integrated multi-channel CLM been achieved?

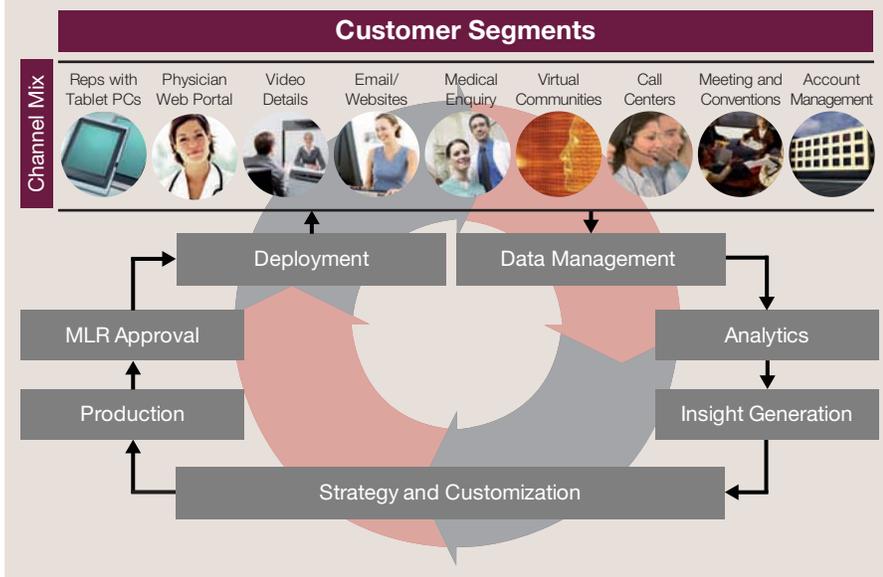
And, if not, what are the challenges that prevent Life Sciences companies from doing so?

There is a considerable advantage to being one of the first companies in Life Sciences to

successfully close the loop and pave the way to a new commercial model that puts the customer first. Capgemini Consulting has significant experience supporting CLM strategy formation and implementation over the last few years. Here we examine the functional implications for CLM implementation across the commercial organization and the hurdles to overcome to fully close the loop. In addition, we assess what the future of CLM may look like as organizations seek to apply the concept across more customers and channels.



Figure 1: CLM reaches its full potential in an integrated multi-channel model with rapid analytics, insight generation and deployment



a stumbling block for many as they seek to implement CLM. These factors may also indicate that many organizations do not recognize CLM’s transformational requirements and the potential it represents as an enabler of customer centricity. To clarify the issue further, it is worth examining what is meant by a customer-centric approach.

CLM: A True Enabler of Customer Centricity

There is a strong consensus within the industry that customer centricity (or focus) will be a key driver within the new commercial model. Customer centricity can be defined as the application of customer knowledge in all aspects of business to drive strategic and tactical decisions. This delivers increased value to the customer with the expectation that doing so will, in turn, also drive value for the organization where objectives are aligned (e.g., reducing barriers to prescription medication access, treatment compliance). This understanding is central to the success of CLM initiatives seen in other industries. In Pharma, this requires a departure from a product-centric approach that has been leveraged in the past and that has become outdated in the environment of decreased access.

CLM enables customer centricity by supplying customer knowledge and insights. It does this by collecting unprecedented amounts of data directly from customer interactions through marketing channels. However, as described above, turning data into insights is not straightforward. An examination of the processes and functional elements involved in CLM demonstrates the effort required to turn data into actionable customer insights.

The Current State of CLM

Over the last few years, most of the Pharma industry’s main players have implemented CLM-type programs¹. However, evidence indicates that these initiatives fall short of full CLM, and most focus is on rolling out new technology to the sales force. This should not be surprising given the drive within the industry to re-tool and re-model the sales force. While there is an upward trend in the use of technology to transform the sales force, it is estimated that only a quarter of the companies implementing such programs are doing so as part of a true CLM strategy². In spite of the fact that many companies label such programs as CLM, their efforts are more analogous to basic electronic detailing. This mischaracterization of CLM has unfortunately become commonplace in industry discourse and may help

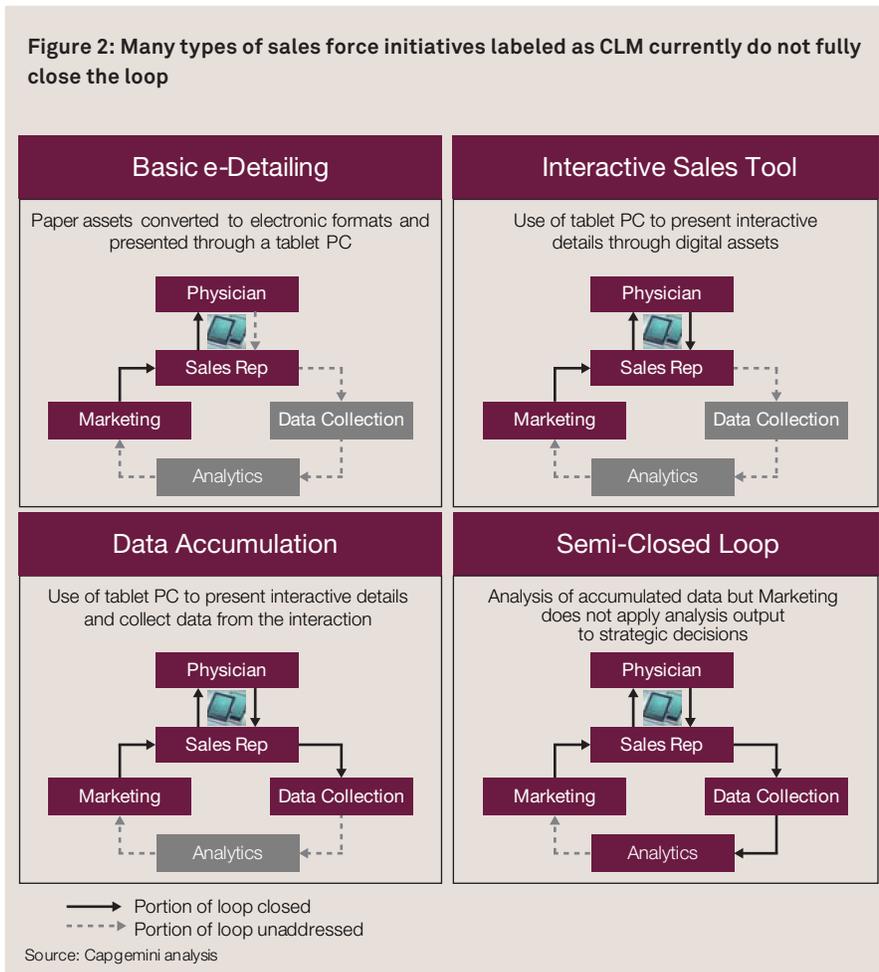
explain why the approach has not reached its potential. These programs aside, the primary reason CLM initiatives fall short is that companies are not able to apply the data they collect from customer interactions to fully close the loop (see Figure 2). As such, many businesses have found themselves drowning in data and thirsting for knowledge, unable to make progress in becoming more customer centric.

In our experience, if an organization cannot use the data it collects from customer interactions, the CLM tools deployed at the channel level become limited only to displaying information—essentially only supporting a push approach to customer engagement. This is a risk especially with tablet PCs (e.g., “paper on a tablet”) and has become

¹ Capgemini Consulting analysis.

² Mike Faden, “Will Closed-Loop Marketing Energize the Pharma Sales Process?” Pharmaceutical Commerce. April 30, 2009.

Figure 2: Many types of sales force initiatives labeled as CLM currently do not fully close the loop



Getting Quality Data: Sales Force Adoption

CLM programs need not include the sales force, but for those that do, buy-in from sales representatives is essential as their interactions with customers create the data that drive CLM. Without being able to rely on the quality of field data, analytics cannot accurately interpret customer behavior. For this reason, it is important that a company engaging in CLM consider the investment it will make in preparing and training its sales

force for CLM. As a training program is designed, certain key questions should be considered:

- How will the perception of “big brother” be overcome (i.e., concern that the tablet PC will track sales reps’ behavior)?
- How will new behaviors be reinforced as part of the day-to-day selling approach?
- How will sales reps come to understand the direct benefits of CLM in the field?

Companies must also decide whether or not tablet PC data will be used to track message compliance. At the center of this (and all decisions around data collection) should be the consideration that if sales representatives believe headquarters is looking for particular data, they are at risk of fabricating data to meet expectations.

Although the role of sales force adoption represents a special challenge, securing quality data from other channels is not necessarily straight forward either. An upfront, strategic view on data collection that demonstrates how the data will be used to make decisions, can help streamline both collection and reporting. In addition, training remains important in any channel that involves a person-to-person interaction.

Collecting and Organizing: Data Management and Reporting

CLM creates extensive volumes of data from each channel involved. From the sales force alone this could entail every item viewed during a sales call, who saw it, how long it was viewed, how the customer reacted to it, and many other possible data points. Multiplying this by the number of calls in a week and the number of reps in a sales force demonstrates the quantity of data involved. Companies need to address how this data can be sorted, cleaned and summarized into usable formats for subsequent analysis.

This is a challenging task with the data from one channel. Coordinating the volume of available data under multi-channel CLM brings new challenges. The critical question of how to tie all sources together at the

customer level must be addressed. Similarly, the organization will likely have to consider implications for customer relationship management (CRM) and sales force automation (SFA) system integration. A fresh look at the overall business information management strategy may therefore be necessary—one that takes into account business intelligence capabilities and targeted investments in the context of the information lifecycle—in order to achieve an effective implementation across processes and channels.

Leveraging Data: Analytics

The inability to effectively leverage data collected from channel interactions has become a significant hurdle in CLM programs. The sheer volume of data and the fact that it exists at the interaction level, tied directly to an individual customer, leads to a steep learning curve regarding appropriate approaches and analytical models for identifying trends in customer behavior. To address this learning curve, a company evaluating prospective CLM programs must first assess its current analytical capabilities against these needs and how it will close any gaps. It must also consider whether marketing assets are set up to facilitate effective analysis (e.g., do they carry consistent tagging agreed on by marketing, analytics and content development team members?).

Another important consideration is the balance between reporting and insight generation. CLM data reports contain key metrics that are essential to monitoring performance and are important components of the boarder analysis. However, where CLM programs can fall short is in not considering how to progress from basic metrics to insights

that guide business decisions. To avoid this hurdle, an organization should consider the following questions:

- What is the process to complete a comprehensive analysis of message effectiveness, based on CLM data?
- What role will existing market research capabilities and data play?
- What frequency of insight generation is realistic? If a higher frequency is required, what is needed to obtain it?

Some organizations may choose to outsource more advanced analytical capabilities, whereas others will look to develop them in-house.

Making Sense of it All: Insight Generation

With analytics processes in place, data from customer interactions can be analyzed and leveraged to form new strategic insights. The organization will need to assess how it will act on initial findings and how it will prove they are meaningful and reliable. For example, it can test such findings over time, seek direct field feedback as to their validity, or look to corroborate them with other sources.

Once a finding holds true, it can be used to inform the development of new, tailored messages for specific customers. Within a multi-channel approach, an additional layer of analysis can look at channel response to discern new sub-segments. As a result, the new message can be targeted to the customers within a sub-segment through the channels they engage with most.

While this may seem like a long and extensive process to develop a single insight, it is important to remember

numerous findings may be available for testing at a given time. This might reveal many new ways to engage with different types of customers, requiring a rapid response to capitalize on the insights generated.

Applying Insights: Strategy and Customization

A CLM environment is essentially an experimental environment where marketers can continuously test how customers respond to content. This could take the form of starting with differentiated content for already established segments and refining it across derived new sub-segments (as above). Alternatively, integrating behavioral and attitudinal data into the CLM analysis could allow for segments to be generated, where none were available before, based on variations in patterns of responses to messaging across customers. Under CLM, one-size-fits-all need not apply. Such approaches offer new perspectives on marketing strategy and campaign management. Messages are frequently refined and new content is developed based on insights about different customer types, resulting in high volumes of differentiated content that require rapid implementation. For this reason, companies must consider the extent to which CLM will represent new everyday practices within the marketing function.

Making It Real: Production

CLM entails the rapid production of new and tailored content by customer type and channel as new insights are developed. As such, the organization will likely need to take stock of the associated preparedness and capabilities of its marketing teams and

agency partners and assess the roles of each under a CLM model. Agencies are ramping up to supply the capabilities required for CLM, but Pharma companies should be cautious in the early stages of their CLM initiatives to assess the readiness of current partners, and if necessary, be prepared to examine alternatives.

The organization can also consider the role of Digital Asset Management (DAM) and how it may be able to address inefficiencies often created when content is developed in silos for different channels. DAM is one available option to manage the development, cataloguing and utilization of assets across channels.

Playing By the Rules: Medical, Legal and Regulatory (MLR) Approval

To ensure success with rapid message iteration, the review process must be streamlined in accordance with the level of MLR diligence required. This can represent an adjustment to current processes. The organization will need to assess its MLR teams' level of readiness to manage the implications of CLM as it relates to digital content (especially in the field). The main difference with digital content that impacts existing processes is that it allows for rapid iteration, including fast content adjustment and market recall, which is not possible with paper. Typically, the main concern from MLR teams in relation to CLM comes from the perception that it will create extensively more work. While it is true that CLM aims to deliver more varied content to meet diverse customer needs, the company has the opportunity to put in place appropriate processes to ensure that this does not

become a burden on MLR. However, to do so it will need to look at the role of associated stakeholders such as their marketing departments and agency partners. It may be necessary, for example, to establish precedents for how medical, legal and regulatory requirements will be treated across all digital content and channels.

Broadcasting Where It's Needed Most: Deployment and Channel Mix

Once approved, tailored or new content can be rolled out to channels (e.g., uploaded to e-tools) to execute the strategic decisions of the marketing team. In a complete CLM model this would occur across highly integrated channels running parallel content and targeted only to the customers predicted to engage or respond. To reach this state, the organization will again have several implementation factors to consider:

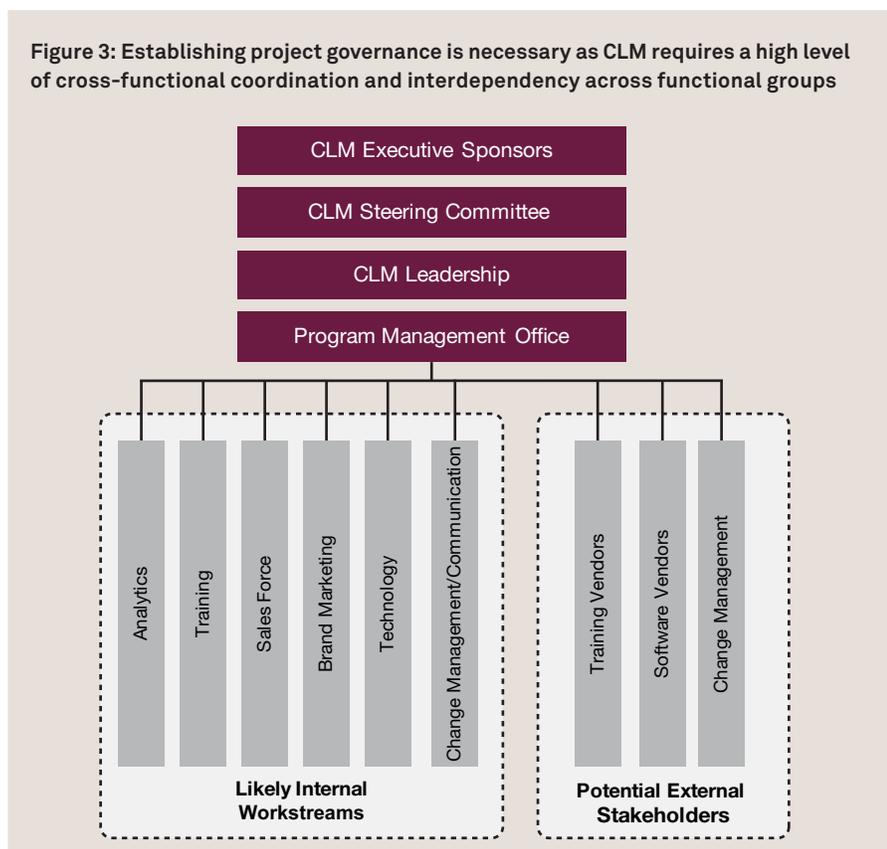
- To what degree do channels currently operate in silos; are they ready to execute frequent simultaneous deployments?
- How dependent is execution on the actions and outputs of external agencies and can they meet requirements?
- How will the development of new sales training materials for new messages and directions be coordinated with the content development process?
- How can new market resource management systems be employed to facilitate multi-channel management?
- To what extent are CLM and CRM strategies aligned to enable execution across customer touch points?

For many companies, CLM can act as an enabler of alignment around customer focus due to the number of functional areas potentially involved.

Keys to a Successful CLM Program

- Embrace transformation as CLM enables a new way of doing business
- Insist on data quality, the first step in CLM success
- Prepare for analytics—understand data to be collected and how it will be modeled
- Rethink MLR and adapt processes to better suit digital content
- Assess vendor and agency readiness and evaluate required capabilities

Figure 3: Establishing project governance is necessary as CLM requires a high level of cross-functional coordination and interdependency across functional groups



in setting up the CLM model but in its ongoing execution. A company will need to look at the role each functional group will play in the continuous CLM cycle and how they will simultaneously develop new processes and technology plans. The role of executive leadership in driving the initiative and the effectiveness of cross-functional communication are also vital considerations, as is the overall management of CLM execution, for example, through a clear project governance structure (see Figure 3).

Two common approaches to CLM implementation are the use of pilots and application of phased rollouts. Each carries advantages and drawbacks. Pilots offer the opportunity to identify gaps and hurdles early and form plans to address them (change, train, hire or buy), but may lead to a slower overall implementation. Alternatively, phased rollouts offer a more aggressive approach but require upfront commitment to a large investment in the CLM capability. Each prospective CLM organization bears its own unique needs and goals and should look objectively at each approach to discern the right fit when forming a CLM implementation plan.

Another area to consider is the tracking of performance as CLM is deployed. The organization will need to identify clear metrics and targets that make it possible to learn and demonstrate where the CLM approach is having an impact. By planning to measure in this way, early outputs can be leveraged to demonstrate quick wins and build momentum across the organization.

No One Said Change Would Be Easy

It is clear that there is a great deal of work to be done to implement CLM and take advantage of its transformation potential to drive customer centricity across the commercial organization. Through its extensive change management experience and involvement in CLM initiatives in Life Sciences, Capgemini Consulting has identified many transformation imperatives for CLM.

Initially the organization needs to evaluate the degree of transformation it is prepared to enact and what CLM

will mean to it. A first step can be the creation of a shared vision with related goals. This can be a powerful enabler in aligning efforts and driving change. The vision should be created with input from Executive Leadership, Brand Teams, Sales Force, MLR, IT, Analytics, Sales Training, and all other related stakeholders. It creates the opportunity to foster buy-in to the need for change and makes clear the individual roles in establishing new processes.

A shared vision can also support the high levels of coordination required across many stakeholders involved in CLM implementation, not only

The Future of CLM

As we have seen, the majority of CLM programs today concentrate on the sales force and data collected from tablet PCs and the physician customer, while the full potential lies in multi-channel CLM. In addition, there is a growing interest in applying CLM concepts to other customers. Two main approaches to the expansion of CLM programs appear to be emerging in the industry (see Figure 4). One sees the expansion of CLM continuing to be concentrated on the physician customer, integrating all customer-facing channels to drive insights and actions. The second approach looks to take the CLM capability beyond the physician customer, after first developing it in the sales force to optimize the interactions and influences between different customer types within a distinct channel, often field-based.

Untapped insights lie in addressing the entire customer network of influence. Although it is important to close the loop with each customer in the Pharma landscape of influence, truly innovative value capture comes from leveraging each customer “loop” to gain insights that will shape the interactions with other customers. A holistic view of the customer environment requires the ability to collect data from interactions with all customer types, understanding the links between those customers, as well as central data management and analytics processes that can productively and regularly derive meaningful insights. As companies seek to fully take advantage of CLM in this manner, new channels, technologies and processes will likely be required to better understand the network of influence and apply it within a CLM context.

CLM for Your Organization

Is CLM the answer to all of the industry’s challenges in marketing and sales? Of course not, however, it does represent an opportunity for Life Sciences companies to put in place a new approach that can truly enable customer centricity. To do so requires the acknowledgement of the transformational power of CLM and the commitment to change needed to realize its benefits. This change is not small or easy, but the challenges faced by the industry today will not be effectively addressed by minor improvements. Capgemini Consulting is here to help you create the CLM strategy that is right for your organization and support you in managing and directing the transition to customer centricity by truly closing the loop.

Why Capgemini Consulting is Different

Capgemini Consulting works with industry-leading companies to support them in designing and implementing CLM strategies, helping them stay at the forefront of innovation through CLM.

- Extensive Life Sciences industry-specific experience in developing and implementing CLM strategy and vision
- Unique accelerators, including Accelerated Solutions Environment (ASE) and Rapid Design and Visualization (RDV)
- Business Information Management services that combine world-class consulting with leading-edge technology to transform our customers’ information strategies
- Established expertise and capabilities in CLM-related systems such as CRM, data asset management, and marketing resource management.

Figure 4: Two emerging approaches to expanding the CLM capability

