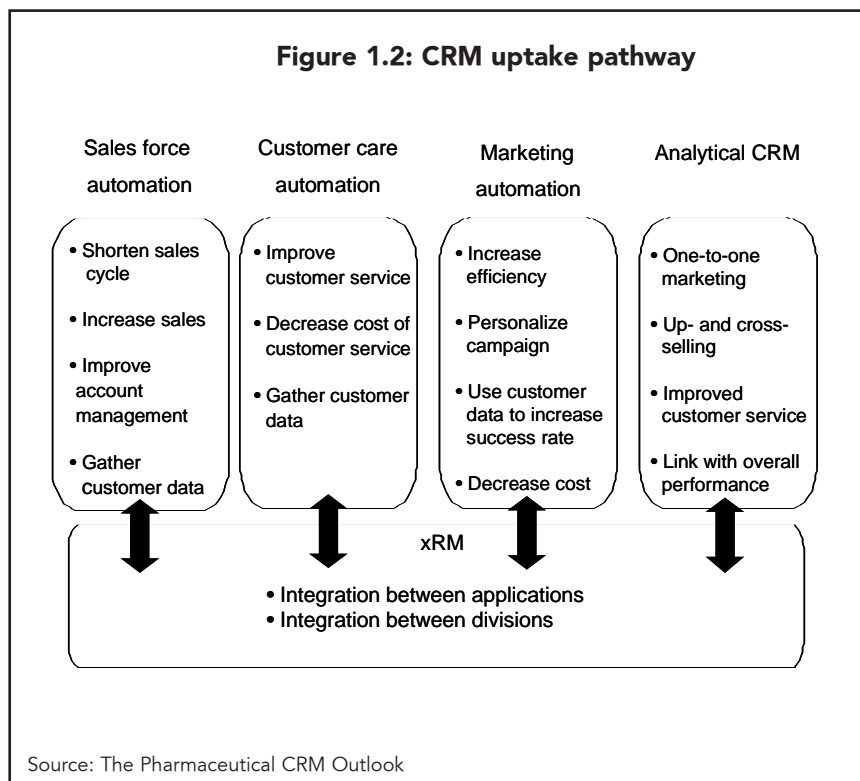


The Pharmaceutical CRM Outlook

Optimizing returns from operational and analytical CRM



Productivity and ROI in the pharmaceutical industry is declining and effective CRM holds the key to future success. Use this new report to:

- **Discover the most successful CRM strategies**
- **Maximize ROI**
- **Improve customer retention**
- **Support market development**
- **Reduce operating costs**

The Pharmaceutical CRM Outlook

Optimizing returns from operational and analytical CRM

Table 7.3: Zinnat (Italy) post CRM implementation modelling

	Year 1	Year 3	Year 5	Year 6
Sales after COGS	6.23	18.55	20.51	20.7
Marketing Costs	5.49	16.25	17.53	17.48
CRM costs	3.57	0.86	0.74	0.73
Pretax profit	-2.83	1.44	2.25	2.5
Tax (47%)	-1.33	0.68	1.06	1.17
Cash flow from operations	-1.5	0.77	1.19	1.32
Investment in working capital	1.19	0.19	0.15	-0.04
Capital investment and disposal	-2.69	0.57	1.04	1.36
Net cash flow	-3	1.53	2.38	2.65
Present value at 15%	-2.61	1.01	1.19	1.14

Source: The Pharmaceutical CRM Outlook

“The costs associated with CRM implementation are aggressively weighted towards the year in which initial implementation takes place, with hardware and software costs contributing to approximately 33% of the total CRM cost structure. Additional costs are assumed in the following years post-CRM implementation. However, strengthening positive cash flows appears to outweigh these costs...”

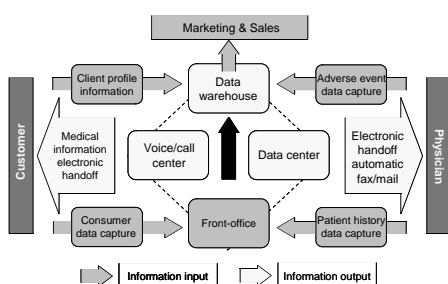
‘The Pharmaceutical CRM Outlook: Optimizing returns from operational and analytical investment’ is a new report which analyzes the current operational and analytical CRM practises and outlines in detail future developments that will increase the return on investment (ROI) within sales, marketing and customer fulfilment activities.

Pharmaceutical companies have invested in new technologies and yet often achieve poor ROI through poor assessment of user needs and customer requirements. Too often, businesses limit the scope of CRM implementation and level of integration within an enterprise and fail to recognise that CRM is as much about changing employee skills and business processes as it is about technology. **By investing intelligently in CRM, companies can bring genuine improvement across business functions and reap the rewards of higher ROI.**

This report looks at the key issues involved in the adoption of CRM within pharmaceutical companies, determines established best practice and provides detailed analysis on key CRM vendors and business applications. **The report identifies successful CRM implementations and ROI measurement techniques, which allow pharmaceutical companies to manage their business more effectively.**

Key findings in this report

Figure 2.4: Customer fulfilment: a two-way process



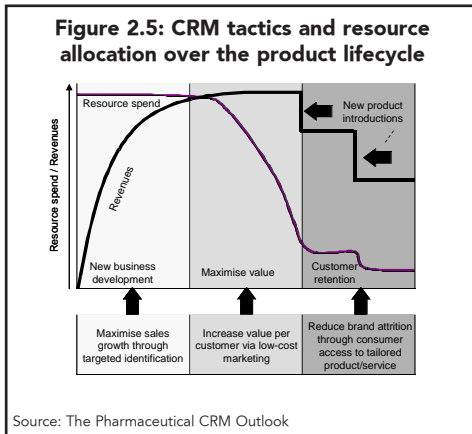
Source: The Pharmaceutical CRM Outlook

“CRM’s role in customer fulfilment stretches beyond that of automated call and data centres, to the level of more general marketing communications.

While the role of customer fulfilment in the pharmaceutical company continues to be defined by reductions in the customer communications cost structure, customer fulfilment operations are increasingly characterized by the risks of compromising the marketing communications platform...”

- **There will be greater integration between analytical and operational CRM in the future.** Demand from smaller companies will result in improved access to all users, while the need for real-time analytics will change the way that CRM is developed, packaged and marketed to the pharmaceutical industry. The increased targeting of the senior population will result in designated CRM activities around this customer segment.
- **Total industry spend on CRM products and services was estimated as \$40 million in 2002,** with CRM rapidly becoming the leading driver of technology spend and strategy in the pharmaceutical industry.
- **Opportunities for CRM initiatives are at their strongest when the patient initiates contact,** and has been provided with facilities to research the disease, or when the patient can be provided with a free welcome pack alongside their prescription, such as is the case with Zyban and Xenical.
- **The market for aCRM, (analytical CRM) is relatively immature** but is surrounded by a number of broader software and operational CRM vendors beginning to expand their portfolios and enter the market.

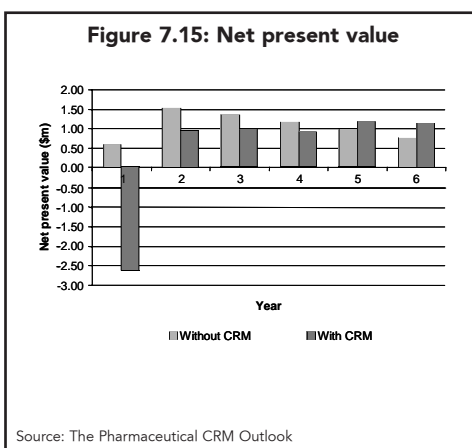
The answers to your questions...



"As a result of its impact on various customer groups CRM has positive outcomes throughout the product lifecycle. Although relationships with physicians and patients remain important throughout the product lifecycle, physicians can drive sales most aggressively during the launch phase. At the end of the product lifecycle, it is relationships with patients that can have the strongest effect on brand durability..."

- What are the key future developments within analytical and operational CRM?
- What are the unmet needs within customer relations?
- How can CRM maximize your methods of targeting physicians and patients?
- What are the main differences between the key CRM vendors and what they have to offer?
- What are the best methods to calculate ROI in CRM?
- How has CRM been used effectively to train sales force, increase ROI on promotional spend and transform marketing analysis?

Top reasons to order your copy today...



- **Reduce set-up time and costs of CRM experimentation** by learning from the industry leaders' best practise.
- **Secure the most profitable customers** and capitalize on CRM's potential to increase customer's propensity to purchase products or services at a lowered cost of transaction.
- **Create a sustainable competitive advantage** by positioning yourself to respond to the changing CRM landscape with the latest technology.
- **Utilize technology-based solutions to increase the ROI from physician detailing** and assess the viability of newer technologies, such as voice recognition and iTV.
- **Optimize the benefits of CRM in your organizational structure** by assessing the key CRM vendors that are most suited to your company.
- **Identify the key factors that drive a successful CRM implementation.**

"The break-even point is achieved during year five, with present value overtaking that in the original Zinnat analysis. The CRM implementation scenario is focused on a high expense investment that would typically be carried over the lifetime of the investment (minimum seven additional years). Therefore, the CRM implementation that has been allocated a modest positive addition to cash flow and relatively stringent investment in working capital, will continue to develop strong returns..."

Sample information from the report

CHAPTER 7: MEASURING RETURN ON INVESTMENT

Summary

Weakened levels of satisfaction with the tangible benefits of CRM runs parallel with disappointment in the results and outcomes produced by CRM systems. Return on investment (ROI) evaluation and forecasting is an important element in gaining financial backing for CRM initiatives. ROI evaluation allow pharmaceutical companies to develop marketing forecasts as part of the CRM implementation, and complement the traditional marketing measures associated with CRM evaluation, such as customer satisfaction levels, customer lifetime value levels, retention rate and acquisition costs.

Calculating ROI in CRM

The costs associated with CRM implementation vary widely according to the platform implemented, the licensing agreement structure, the timescale and the existing legacy infrastructure. In addition, intrinsic factors such as the scale and scope of the customer base, and the methods that are used to service customers impact on costs.

Calculating the value of a CRM investment is a critical first step before implementation, developing a guide to project feasibility and a tool for measuring the impact of a CRM implementation at various stages in the marketing process. Organizations with previous experience of CRM can leverage this prior experience in order to make more accurate decisions regarding future implementations. Organizations with limited experience can attempt to utilize the experience of their peers, via competitive intelligence or implementation consultants. Importantly, an organization's knowledge of the behavior of its consumers is one of the most critical weightings on any forecast CRM implementation valuation. If there is limited experience in-house to gauge the reaction of consumers toward CRM initiatives, competitive intelligence again provides a platform for making an accurate synopsis.

Case studies

The measurement of returns from CRM investments is better illustrated through case study examples of industry applications. A number of different CRM applications and strategic initiatives have been implemented by a range of different companies. Sample case studies have been detailed to identify critical success factors and key drivers of CRM value.

Bristol-Myers Squibb: Targeted implementation

Bristol-Myers Squibb's (BMS's) US CRM strategy provides a good example of combining centricity in technology and resource sharing in the context of an organic organizational structure. BMS's CRM strategy is focused on overcoming organizational resistance within the front office, concentrating on developing inter-business unit links and enhancing the value of previous commitments to CRM. On the back of upgrading its in situ package from the European vendor SAP, BMS has embarked on further development across its US CRM solution.

Figure 7.14: CRM implementation costs

Fixed Costs	Ongoing investment
Hardware purchase	Communication costs
Software license Acquisition	Software license Payments
Internal deployment & appraisal costs	List acquisition & enhancement costs
Consultancy	Costs of campaign development

Source: The Pharmaceutical CRM Outlook

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Key recommendations

- Successful CRM implementation

- Providing a quality service

- Clinical trial recruitment

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