Specialty Care:

Specialty Pharma Reps Hurting for Specialty Pharma Tools
The once ancillary specialty sales team has very unique needs that don’t neatly fit into the pre-packaged improve information sharing and decision-making, and make specialty care a more efficient, more effective attention of big pharma executives. Consequently, so is the specialty care account manager, who will likely have a major impact on the pharmaceutical company’s overall success as specialty drugs continue to be prescribed. High-volume, blockbuster drugs have fueled the pharmaceutical industry’s growth over the past 15 years. But, with increasing uncertainty about the ROI of primary care drug development under today’s turbulent market and regulatory conditions, big pharma is looking for additional avenues of growth. And, they are taking a cue from smaller, yet fast-growing specialty drug companies. Consider Shire Pharmaceuticals and its Attention Deficit Hyperactivity Disorder (ADHD) product line. Shire’s well-prescribed ADDERALL XR® reached record sales in 2006 and helped the company capture over 28% of the ADHD market. The company’s 2006 revenues topped $1.79 billion.¹

Indeed, the specialty drug market is growing at twice the rate of traditional pharmaceutical sectors. More evidence of the phenomenon comes from the Pharmacy Benefit Manager, Express Scripts® analysis of IMS Health data that shows the U.S. specialty drug spend in 2006 was $54 billion or 20% of the overall prescription drug spend. The PBM also estimates that by 2010, specialty drug spend will represent 26% of the overall prescription drug spend or $99 billion.²

So for good reason, traditional pharmaceutical companies are racing hard and fast to align their organizations to bring novel drugs to small but desperate patient populations. Many already have significant specialty product pipelines. Eli Lilly, for example, currently has 14 proteins in development targeting specialty diseases, constituting about 30% of its early stage pipeline. Pfizer, with 35 protein projects in research and development, generated $1.5 billion in protein therapeutics sales in 2006 and claims that it will triple that number by 2010.³

Recently, Bayer Healthcare made a strategic move in the direction of specialty pharma by selling its primary care division and acquiring a large, specialty-focused business – Schering AG. Many of these large pharmaceutical organizations are struggling to uncover exactly how to efficiently manage this microcosm of their business – what technology, what processes, what products. Despite its lightning-fast growth, specialty pharma is one of the most underserved areas of life sciences when it comes to information technology and services. That’s because specialty drug selling is, quite frankly, special, and as different from the traditional primary care business model as apples and oranges.

### As Different as Apples and Oranges

One of the most important differences between primary care and specialty care can be seen right at the start of the sales process – customer targeting. Just like primary care reps, specialty reps need to determine who the most influential physicians are in their territories. This is easier said than done because, unlike in primary care where prescription data clearly ranking physicians by their prescription volume is easily attainable, there is no single data source that gives specialty reps all the information they need.

“Specialty care reps operate in smaller universes of customers so targeting is different. The group practice setting is not like it is in primary care – it’s no longer simply a one-to-one relationship,” says Shawn Roman, partner at Accenture, Health & Life Sciences, a global management consulting, technology services, and outsourcing company. “Reps must find creative ways to identify the physicians in a practice that are the most influential.”

**Abstract:**

Growing at twice the rate of traditional pharmaceutical sectors, the specialty drug market is commanding the attention of big pharma executives. consequently, so is the specialty care account manager, who will likely have a major impact on the pharmaceutical company’s overall success as specialty drugs continue to be prescribed.

**Introduction:**

High-volume, blockbuster drugs have fueled the pharmaceutical industry’s growth over the past 15 years. But, with increasing uncertainty about the ROI of primary care drug development under today’s turbulent market and regulatory conditions, big pharma is looking for additional avenues of growth. And, they are taking a cue from smaller, yet fast-growing specialty drug companies. Consider Shire Pharmaceuticals and its Attention Deficit Hyperactivity Disorder (ADHD) product line. Shire’s well-prescribed ADDERALL XR® reached record sales in 2006 and helped the company capture over 28% of the ADHD market. The company’s 2006 revenues topped $1.79 billion.¹

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In specialty pharma, the best customers are not general practitioners who run routine practices. Rather, they are discerning specialists who typically treat patients with chronic illness and must guide those patients through very complex clinical care over long periods of time. Specialty care reps, therefore, must approach their physician customers differently. They must earn doctors’ trust and completely support their multifaceted needs, which usually extend way beyond the basics. For example, reps may need to guide customers through new product distribution processes or keep them abreast of pricing changes at specialty pharmacies.

“These reps need to understand how the physicians operate with both their peers and their patients. Basically, these reps need richer information in order to develop a more meaningful relationship with the physicians. Standard sales force automation technology is not as useful. Instead, they need a tailored solution. We’ve also seen increased interest in technologies that help doctors to better connect with their patients,” added Roman.

Another Primary Care Solution to a Specialty Problem?

Most specialty reps are required to use the traditional client/server CRM systems designed to support a large team of primary care reps who are skilled at one-to-one physician selling. Client/Server CRM systems provide standard contact and account management functionality, activity reporting, integration with call centers, and other important features. (See Figure 1 for a complete comparison). These CRM systems do a good job supporting the rep who makes 8+ calls a day and needs a place to house and manage all of the resulting data. But, this is not at all how a specialty care rep operates.

“Traditionally, pharmaceutical companies have operated on a call reach & frequency intensive selling model, which doesn’t work as well in the specialty market,” says Chris Colapietro, senior director at HighPoint Solutions, a leading life sciences IT consultancy. “Now some companies are creating sales forces specific to therapeutic areas and treatments, focusing on providing value to physicians vis-à-vis additional drug mechanism or delivery information, reimbursement tactics, and in some cases practice management. This relationship approach is the new specialty pharma sales model. Unfortunately, specialty reps are still forced to use a CRM system designed for primary care. It’s a classic square peg in a round hole situation.”

Frustrated with systems designed to support the larger primary care sales force, specialty care reps develop their own processes or use the enterprise system sparingly just to satisfy upper management requirements. They often rely on spreadsheets, homegrown systems, and their BlackBerries to manage the complicated web of specialty drug sales.

Some technology providers have attempted to market salesforce automation systems – even CRM applications – specifically to the specialty care market, but specialty care reps rightly view these alternatives as expensive band-aids to a bigger problem. Fundamentally, these options are just primary care solutions tweaked to add a bit of new functionality (i.e., an order management system – to support an activity many specialty care reps find themselves directly involved in to support specialists). But, the bottom line is that they have not been designed for specialty care.

Specialty care is not only a highly niche area, but it is also relatively small compared to primary care. Technology providers have not been willing to make the necessary investment in R&D to develop a specialized product for a small group of users. It simply has not been profitable.

“Even though there has been a significant rise in specialty care sales forces over the last five years, technology hasn’t caught up yet,” said Accenture’s Shawn Roman. "It has always been too expensive to develop a specialized product for a small group of users. It made sense to tackle the primary care market first, but a lot has changed – both in terms of the industry and in terms of the technology now available.”

So, what exactly does the specialty care rep need to succeed?

Specialty sales reps fight an arduous uphill battle... on skis. They have one of the most difficult jobs in the pharmaceutical organization – selling incredibly complex products to incredibly knowledgeable physicians who are incredibly difficult to pin down. In order to develop trusted relationships with skeptical, overscheduled physicians, specialty care reps need a CRM system that is as specialized as the drugs themselves.

Finally, there is new technology that has made the development, deployment, and maintenance of market-specific software available and affordable.

Software as a Service (SaaS) is generating a lot of attention because it is the only technology that makes the development of highly specialized products affordable to the mass market.
SaaS technology fundamentally changes the economics of deploying a functionally rich, tailored application to a small number of users.”

Matt Wallach, vice president of sales and marketing, Veeva Systems

The net result of operating a SaaS-based CRM application over a traditional client/server CRM application comes down to vastly increased effectiveness of the specialty sales force as well as vastly decreased IT financial drain – both up front and over time. Based on ROI analyses from Gartner, Forrester, Yankee Group, and Veeva Systems, a traditional client/server CRM application can cost a pharmaceutical company $5,800,000 in the first year versus only $2,075,000 for a SaaS-based application. Ongoing, the SaaS-based application will also be much less than the client/server application. See Figure 2 for cost analysis breakdown.

Thanks to SaaS technology, an open architecture, and valuable data built in, VBioPharma brings pertinent information directly to the laptops of specialty care reps. The specialized CRM application integrates with any external or internal system to help specialty care reps better support their customers. It allows marketing to share key strategies, managed care to communicate drug formulary status changes, and medical science liaisons to share details about a product. Reimbursement information? It’s there too. This all happens instantly, behind the scenes, so reps don’t have to fumble through useless data – meaningful to other departments but not to them. “Today, there is no shortage of data, and in some ways that’s the problem. Specialty care reps want precisely the information they need, when they need it, and without wading through a mountain of reports to get it,” said HighPoint’s Colapietro.

SaaS technology no longer have to suffer the consequences of inadequate technology that doesn’t fit the job. No more walking around hospitals, no more wasting hours searching for co-pay information, no more reinventing the wheel for every new account, and no more missed opportunities. SaaS technology is the tonic to heal all those specialty rep wounds.

**What’s all the buzz about SaaS?**

Software as a service (SaaS) is a software application delivery model where a software vendor develops a web-native software application, and hosts and operates (either independently or through a third-party) the application for use by its customers over the Internet. Customers pay not for owning the software itself but for using it. The term SaaS has become the industry preferred term, generally replacing the earlier terms Application Service Provider (ASP) and “Utility computing.”

SaaS is generating a lot of attention because it is the only technology that makes the development of highly specialized products affordable to the mass market. And, because users access the system through any web browser, advanced software is becoming easy to use – even for the technically challenged. Think My Yahoo! for business applications.

Many types of software are well-suited to the SaaS model. Application areas such as Customer Relationship Management, Video Conferencing, Human Resources, Accounting and Email are just a few of the initial markets showing SaaS success.

SaaS applications are generally priced on a per-user basis, sometimes with a relatively small minimum number of users, and often with additional fees for extra bandwidth and storage. SaaS revenue streams to the vendor are therefore lower initially than traditional software license fees, but are also recurring, and therefore viewed as more predictable, much like maintenance fees for licensed software.