

Optimize launch sequencing and manage in-market pricing decisions to maximize revenue throughout the product life cycle



Business Impact

Using SAS® during launch sequence planning, a global life sciences company generated about US\$100 million more in revenue and improved average global price 4 percent by optimizing responses to international reference pricing (IRP). Post-launch, they used SAS to manage the impact of IRP throughout the product life cycle.

Challenges

- **Significant price erosion.** This erosion is driven by complex international reference pricing (IRP), which affects revenue from launch and through the entire product life cycle.
- **Suboptimal intelligence.** Without advanced analytics, it's impossible to optimize launch sequences and manage in-market pricing while navigating the complexities of IRP.
- **Outdated or incomplete IRP data.** The complex and ever-changing nature of IRP makes instant access to accurate and current data an imperative to optimization.
- **Slow time to results.** Most solutions take too long to deploy and run scenarios, which delays results and consumes valuable resources.

The Issue

Product pipeline pressures and revenue loss as patents expire are requiring companies to launch more products. To maximize financial performance, companies will need to get to market quickly while navigating complex country pricing mandates.

Success will depend on your ability to develop and adapt international go-to-market strategies - from initial product pricing and launch sequences to in-market plans. This is no small task. International regulatory agencies limit prices and many countries use International Reference Pricing (IRP) rules that lead to irreversible price erosion. The fact is, launching a product at a lower price in a highly referenced country leads to sustained lower prices for the life of the product. Similarly, during the in-market stage, agreeing to government-mandated price cuts or bowing to competitive pressures can have a similar domino effect on pricing and profitability.

To make informed decisions and negotiate effectively, you need powerful analytical models using complete and accurate data, IRP rules and more. These models can help you understand the full implications of launch sequences, price cuts, currency devaluations and other variables so you can make choices that maximize performance across the product life cycle.

Our Approach

Using SAS for global price intelligence, you can simulate the effect of different choices, IRP rules, mandates and market changes on global revenue and profitability - at launch and across the entire product life cycle - and then optimize any launch simulation. Our software-as-a-service approach helps you:

- Integrate and analyze all data associated with global launches to simulate scenarios and optimize outcomes.
- Access trusted IRP data from IHS Markit - or easily integrate with other providers - so your models are based on the latest data.
- Assess the impact of variables such as product pricing, reference pricing, and currency changes on revenue and profitability using what-if modeling, in-market revenue simulations and more
- Use scenario modeling to understand how to stagger launch times to minimize external reference pricing impacts and maximize profitability mid- and late-market.
- Easily share data visualizations, dashboards and reports with decision makers.
- Negotiate launch prices and price cuts with a full understanding of the financial ramifications.

Global price intelligence

With SAS, you can accurately assess market dynamics and deploy advanced analytics to develop optimized launch sequences to maximize revenue, as well as run in-market simulations to ensure profitability throughout the entire product life cycle. Only SAS provides:

- **A solution built from the most advanced analytics and unrivaled operations research.** So you can generate optimal insights that drive better decisions and outcomes.
- **The most accurate and up-to-date reference pricing data.** Sign up for our exclusive partnership with IHS Markit - or integrate your preferred data provider.
- **Rapid deployment.** Be up and running in days for quick time to value.
- **Dedicated consultants.** Take advantage of our superior domain expertise to support your every step.
- **Faster and more accurate simulation and optimization scenarios.** Only SAS uses mixed integer linear programming techniques to determine your launch sequence, resulting in the most accurate, fastest modeling engine on the market.
- **Dashboards and easy-to-use visualizations.** Gain quick insights at country and global levels. A reference network diagram helps users understand all connections between countries. Easy-to-use visualization and reporting tools enable less skilled users to gain insights and share them. And pricing experts can focus on modeling launch strategies.

A global pharmaceutical company

Situation

In preparation for a global new product launch, the company was searching for a way to optimize launch prices to increase corporate revenue. In particular, it was looking for country-level revenue optimization that would take into consideration all market share drivers, as well as government pricing and interdependency rules.

Solution

SAS delivered optimization capabilities that enabled the company to:

- Model optimal launch price and sequence across 50 countries and 60 months - in less than five minutes.
- Gain insights into in-market price changes and impacts across the globe.

Results

- An optimized launch for a new product projected a 2.7 percent increase in global revenue for the 60-month plan.
- At the end of the launch sequence, the average global price was 4 percent higher compared to the base plan.
- The pricing group has a secure, centralized repository for country pricing and forecasting data, reference rules and third-party data.

- **Maximize total global revenue**
What if you could maximize total global revenue throughout the product life cycle using advanced optimization and simulation analytics?
- **Discover optimal launch plans**
What if you could discover optimal launch plans to navigate external referencing pricing complexities and reduce price erosion across all markets?
- **Quantify the global impact of pricing negotiation**
What if you could quantify the global impact of pricing negotiation to make analytically sound strategic decisions through the remaining product life cycle?

SAS Facts

- SAS is the de facto industry standard for clinical trials data analysis and reporting.
- For more than 40 years, life sciences companies have used SAS to derive greater insight from information.
- SAS has customers at more than 83,000 sites worldwide.

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