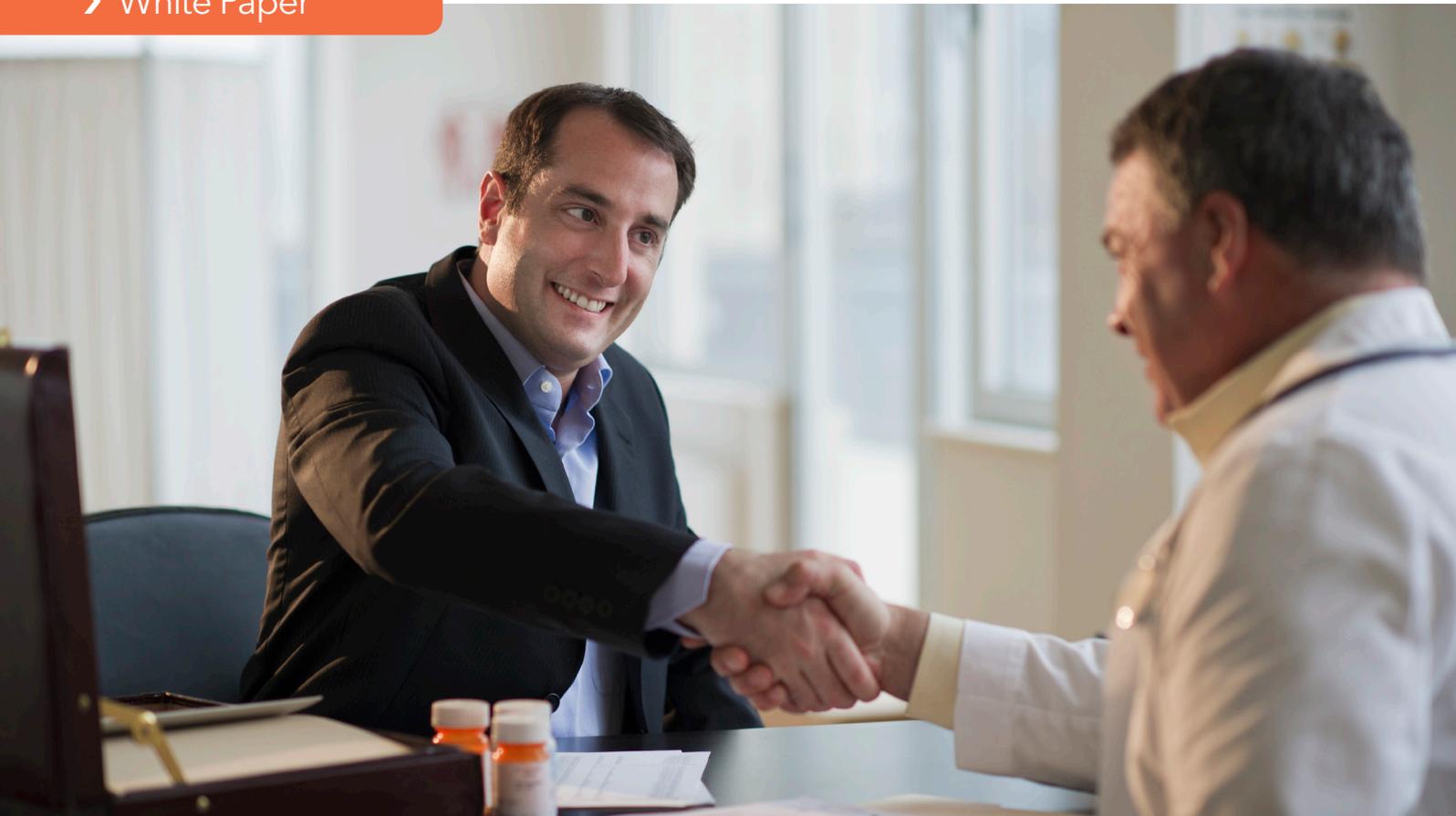


› White Paper



Using Big Smart Data to Get Closer to Your Customers

Contents

Digital Revolution Yields New Opportunities	1
Marketing Data and Consumer Information.....	1
Help Wanted: Aggregation and Integration	3
Learning From Consumer Packaged Goods (CPG)...	3
Building Big Smart Data Capabilities With Analytics..	4
About SAS	4
About TGaS	4

Digital Revolution Yields New Opportunities

Life sciences marketers are well aware of the many changes occurring in marketing pharmaceuticals and devices. As access to physicians becomes increasingly limited and greater disclosure of financial arrangements is mandated, the traditional sales representative is an endangered species. The importance of payers and new players such as IDNs (integrated delivery networks), ACOs (accountable care organizations) and PCMHs (patient-centered medical homes) also changes the dynamic significantly.

The digital revolution has pointed the way to new opportunities for marketers. Life science companies are mining the potential of nonpersonal promotion, known as NPP, with the avalanche of new data it produces. Other traditional tactics are producing more data, such as iPad® use by sales representatives. In the last two years, copay cards have become ubiquitous in many therapeutic areas, and they are high stakes dollar-wise and rich in new data.

Life science companies are beginning to tap into the expertise already mined by the consumer packaged goods industry in areas such as behavioral marketing, learning to predict what patients will do based on a pattern of behaviors. In addition, these companies are exploring how to bring data in-house, where they can “own” it and hire the analytic expertise required to use it effectively.

This is all good news. But it is not without challenges. While big data holds the promise of untold treasures, these riches are often hidden. The sheer volume of data creates chaos. Data is mismatched, different divisions lay claim to the information and the skill set needed to use the data may not be sufficiently developed in-house. In many organizations, it is difficult to overcome the inertia of old habits and territorial ownership. A further complication is the rift in many organizations between personal sales and other promotional tactics.

There is some cynicism over big data by those who interpret this phrase as meaning “more data,” since they are already drowning in data. The key is not bigger data, but smarter data.

Marketing Data and Consumer Information

The stakes are high, pharmaceutical marketing is changing, and everything is in flux as companies try different approaches over time. TGaS Advisors, a benchmarking and advisory services firm for pharmaceutical organizations, investigated how pharmaceutical companies are keeping track of activities and analyzing the resulting data. They interviewed senior marketing leaders with data-intensive responsibilities at a sampling of companies, including both large (top 10 pharmaceutical companies by revenue) and midtier pharmaceutical companies (top 11-50 by revenue).

Companies report that marketing data is currently siloed, owned by marketing, and varied by tactic. Changes in marketing are driving changes in the collection and analysis of marketing data. Companies have the potential to know much more about both health care professionals (HCPs) and patients:

- Reps using iPad materials to talk to a doctor are producing a torrent of data about each interaction.
- Digital channels are allowing much greater data capture and personally identified interactions. You can know which media drove which interactions, email opens, copay card uses, etc.
- Copay cards are a rich source of information for some companies, since every redemption can be tracked back to each specific card.
- Products released under special types of risk management approvals (REMS) require companies to track patient information and physician certification, both sources of data, for purposes of safety monitoring.
- The number of orphan drugs is increasing; this population of patients and physicians is often eager to have a dialogue with life sciences companies.

As physician access and traditional field promotion have declined, these and other channels have become more important.

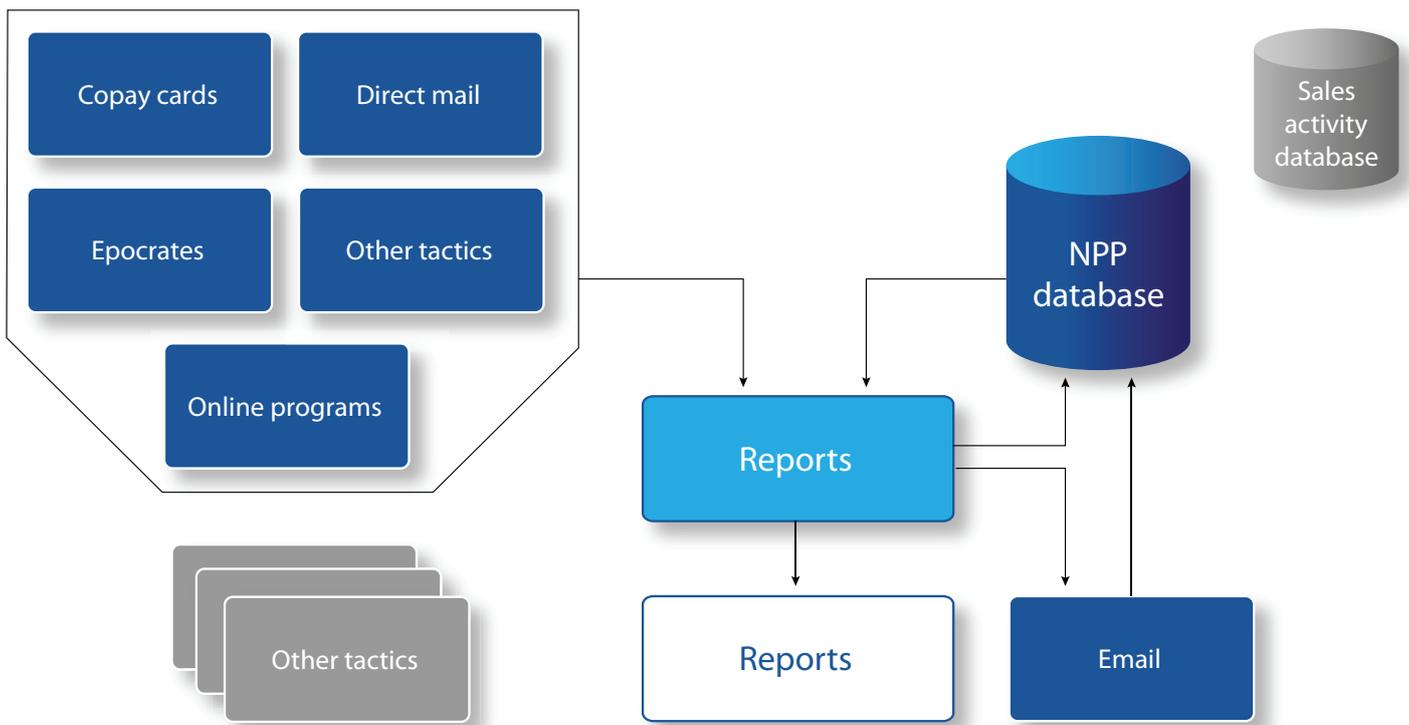


Figure 1: The complexity of marketing data today.

Typical marketing processes for NPP data today are fragmented (see Figure 1). Data from each of the marketing tactics flows through a vendor or internal staff, who separately collects data from copay cards, direct mail, online detailing and other tactics. Sales data may be located in yet another system or platform. Some tactics are simply not included, and the vendors for each tactic, when they share the data at all, provide it in a unique format that is incompatible with other vendors and changes over time. Aggregation and integration are usually done manually, where they are able to be done at all.

With the advent of so much data, many companies have changed their approach from vendor-held to in-house across all tiers. This data is seen as essential to competing in the marketplace. Some companies use on-site consultants, while

others use prepackaged solutions. Most companies set a high value on this marketing data, and have developed in-house infrastructure and support. In a 2013 study, 88 percent of companies had a centrally managed approach to this data. All of the companies that did not manage the data centrally were midtier size.

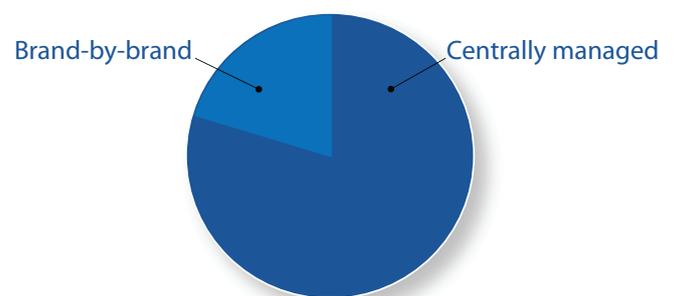


Figure 2: Marketing data is typically managed centrally.¹

¹ TGaS Advisors Multichannel Marketing Benchmark, November 2013. N = 18 US pharmaceutical companies.

Help Wanted: Aggregation and Integration

Companies are not looking for new analysis but for better, more integrated data. One leader interviewed by TGaS said, “We are looking at programs in silos. Data from vendors is highly varied and highly decentralized.” Another put it more colorfully: “I’ve seen too many reports that just churn data out at internal customers.”

Three of the eight companies surveyed are already doing sophisticated levels of marketing data analysis (two are midtier). These companies work with an outside vendor for the bulk of the reporting and analytics.

Equally important, and equally difficult, is integration of new tactics with sales data and sales efforts. The sales force has built a vast database of information, known as the “customer master.” Incentive compensation is closely tied to the customer master, making it even more difficult to change ownership. Marketing, on the other hand, has generally created separate systems to house NPP data. A digital marketer shared an extreme, but not atypical, situation: “We are waiting on a three-year project to update the customer master database before I can change the way we integrate data on nonpersonal promotion with sales efforts.”

Another key point to remember is that not everyone is on board with the potential of big data.

- Leaders with data-oriented roles are most likely to have a positive view of big data:
 - “We would like to integrate all data sources for a more accurate picture, for example across HCP interactions. Ideally, we would take real-time actions based on what we learn.”
 - “We want richer insights about our customers.”
 - “It’s being used. Makes sense in social listening, influencer mapping, HCP NPP.”
- Marketers, on the other hand, often do not:
 - “I am unimpressed. It is a typical overpromise.”
 - “Just a buzzword.”
 - “This is not a common term.”

Companies are not so much looking for new technology but for aggregation and integration so they can make use of all the data. With better analysis, marketers can optimize each tactic, campaign cadence and integration as well as allow better assessment of the data’s overall value to the organization. They are looking, not for “big” data but rather for smart data.

Learning From Consumer Packaged Goods (CPG)

The leading CPG companies of this world have much to teach life sciences companies about effective promotion. A national chain can determine who is pregnant and how to approach them. An office supply company does predictive modeling to generate more personalized offers, build customer loyalty and ultimately retain top customers. A sporting goods company increased the effectiveness of its marketing campaign through the use of sophisticated analytics to determine customer patterns across online, catalog and store sales.

These companies are perfecting behavioral targeting, predicting what people will do based on their characteristics and patterns, and marketing to that expectation. Life sciences companies can build these capabilities into their marketing as well, ensuring that marketing is coordinated, efficient and productive.

A McKinsey study² across industries found:

Those [companies] that use Big Data and analytics effectively show productivity rates and profitability that are 5 - 6 percent higher than those of their peers. McKinsey analysis of more than 250 engagements over five years has revealed that companies that put data at the center of the marketing and sales decisions improve their marketing return on investment (MROI) by 15 - 20 percent.

For some companies, the aspirational goals of big data or behavioral marketing set by CPG seem unreachable: The divide between the situation today and this marketing nirvana seems like an uncrossable chasm. However, the key is to focus on the practical. By organizing and analyzing even a small part of the big picture, marketing can be dramatically improved.

² *Big Data, Analytics and the Future of Marketing & Sales*: McKinsey & Company, contributor. Jonathan Gordon, Jesko Perrey and Dennis Spillecke. [forbes.com/sites/mckinsey/2013/07/22/big-data-analytics-and-the-future-of-marketing-sales](https://www.forbes.com/sites/mckinsey/2013/07/22/big-data-analytics-and-the-future-of-marketing-sales).

Building Big Smart Data Capabilities With Analytics

To achieve success with “big smart data” strategies, you need access to an analytical framework that enables you to get closer to your customers and deliver superior results for your sales and marketing strategies. You can take control of data management and analytics by investing in:

- **A single data management environment.** Gain full access to trusted data, regardless of platform or location, so you can overcome the challenges associated with integrating big data sources for analysis.
- **Predictive analytics.** Build predictive models that allow you to predict the best marketing tactics or resources to use.
- **Comprehensive visual business intelligence.** Visualize marketing data and report results to enable easier access to information.
- **High-performance analytics.** Process all available data - not just a subset - and receive answers in minutes rather than hours or days to foster fact-based decision making in sales and marketing.

To learn more about building big smart data capabilities with SAS®, visit:

- sas.com/en_us/insights/big-data.html
- sas.com/lifesciences

About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions, SAS helps customers at more than 70,000 sites improve performance and deliver value by making better decisions faster. Since 1976 SAS has been giving customers around the world THE POWER TO KNOW®.

About TGA S

TGaS Advisors is the leading benchmarking and advisory services firm serving pharmaceutical commercial operations organizations. The firm provides the only comprehensive series of benchmarking solutions and advisory services for objectively improving the strategy and effectiveness of commercial pharmaceutical organizations. More information can be found at tgas.com.

To contact your local SAS office, please visit: sas.com/offices

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