Amplity's Blended Engagement Model

A New Post-COVID19 Health Care Provider (HCP) Customer Engagement Approach for Pharma

An Amplity Health White Paper

OCTOBER | 2020

Amplity
HEALTH

Amplity
HEALTH

Table of Contents

Introduction 1

Background 1

Pre-, Intra-, and Post-Pandemic Environments 2

HCP Needs 3

A New Engagement Model 5

The Account Specialist 5

Enabling the New Model 9

The Business Case 10

Execution 11

Selling in the New Model 11

Conclusion 13

References 13

Note: This report contains information from numerous sources that Amplity Health believes to be reliable but for which accuracy cannot be guaranteed. The reader assumes all responsibility for how they use this information.

> **We cannot afford to go back to the old way of doing things. The companies that most aggressively adapt and extend new ways of operating will turn this crisis to their advantage."[1]**

Introduction

COVID-19 has had a profound impact on the commercialization of pharmaceuticals in the United States. Health Care Provider (HCP) information-seeking needs and preferences have changed dramatically in response to the outbreak, as have the options for pharmaceutical manufacturers to meet these new needs and preferences. Indeed, in a curious twist of fate, the COVID pandemic is providing a once-in-a-lifetime opportunity to introduce a truly new model for pharmaceutical industry (Pharma) engagement with HCPs. The new model represents an effective and efficient approach to provide timely, relevant, and personalized information to each HCP through his or her preferred communication channels. For HCPs, the new model allows for greater control and convenience and improves the ability to protect their offices and patients. For the pharmaceutical manufacturer, the new model can deliver an 80% improvement in productivity at less than half the cost. Finally, the coronavirus-related marketplace upheaval is providing an opportunity to evolve traditional thinking regarding which parts of HCP customer engagement should be outsourced versus insourced.

Background

The COVID-19 pandemic has required an immediate and intense shift in HCP engagement across the pharmaceutical industry. HCPs and Pharma have been able to experience first-hand the value of staying connected through more remote (i.e., phone, web conference) and non-personal (i.e., email, website) engagement, and we have learned together that face-to-face interaction isn't always required. The truth is, with respect to the Pharma-to-HCP interface, the genie is out of the bottle. HCPs will not allow a return to in-office visits only, and Pharma has no reason to go back to the old ways of engagement.

We are faced now with a unique opportunity to develop a more customer-centric, more effective, and more efficient engagement model; one that leverages multiple engagement channels, better integrates medical and commercial functions to meet the diverse needs of HCP decision makers, and creates the customization that HCPs expect. This new model requires new skills and expertise and the rapid adoption of new technologies. Speed of execution will be critical, and this is where outsourced partners can bring unique expertise and capabilities.

The new model will challenge strongly held beliefs in pharma related to channels of engagement as well as what functions should be outsourced versus insourced. However, the new model has real potential to revolutionize how Pharma engages with customers, allowing customer expectations to be exceeded and improving Pharma business performance at a significantly reduced cost.

Pre-, Intra-, and Post-Pandemic Environments

Before COVID-19 disrupted almost every part of our personal and professional lives, many pharma-industry experts recognized the need to move beyond the predominantly face-to-face engagement model. But it just didn't happen. Whether it was that the face-to-face model still seemed to be the most effective, regulatory and compliance constraints hampered innovation, or Pharma executives were simply reluctant to adjust, little real change occurred in the Pharma-to-HCP engagement model over the last several decades prior to COVID.

Whatever its cause, the industry's aversion to change was steamrolled by the coronavirus pandemic. Out of necessity, Pharma-to-HCP engagement largely shifted from in-person plus some non-personal promotion (i.e., email, social media, web) to remote promotion (both phone and web-based interactions) along with increased non-personal engagement. In the early days of the outbreak, as HCPs figured out how to navigate the disruption, total representative-to-HCP discussions dropped to about 45% of the pre-pandemic baseline, with almost all of the contact being remote and non-personal. In the week of June 12, 2020, total representative-to-HCP discussions were at 73% of baseline, with 72% being remote.[2]

Remote interactions are likely to be the norm for some time to come. As long as the outbreak persists, hospital access will be limited in accordance with CMS and AMA guidance. And in a recent survey, 43% of HCPs said they were restricting pharma representatives from visiting their office; of those, 28% said the restrictions would be permanent and 28% expect the restrictions to be for the foreseeable future.[3]

Moreover, HCPs are largely accepting the new ways of engaging with Pharma. For example, recent IQVIA research found that HCPs' experience with remote video/teleconference during the pandemic was rated above baseline in-person details.[2] In a similar survey, 87% of HCPs want human interaction with Pharma; 39% want all virtual meetings, 48% want a mix of virtual and in-person meetings, and only 10% want all in-person discussions.[3] In the end, HCPs' increasing acceptance of remote engagement suggests that a return to pre-pandemic "normal" is not likely in the short-term (or perhaps ever).

What is clear, based on COVID-19 as well as pre-COVID trends, is that Pharma needs an engagement model that is tailored to customer needs; one that is flexible, coordinated, leverages the benefits of remote and in-person promotion, optimizes the promotional mix across personal and non-personal channels, and provides relevant, timely, and credible information to HCPs.

HCP Needs

HCPs benefit from effective two-way engagement with Pharma for credible information and patient support. These needs vary dramatically based on therapeutic area, stage in the product life cycle, geography, HCP role in decision making, affiliation, and personal preferences. Here's a simplified view by HCP Segment.

Figure 1. Example of HCP Needs from Pharma

	Needs
Physician/Allied Health Professional	• Product information • Product stability information • Adverse event reporting • Clinical studies • Samples/coupons • Formulary updates • Patient education • Patient support programs • Best practice sharing
Thought Leader	• Speaker preparation • Early view of clinical data • Pipeline information • HEOR information
Formulary Committee Member	• Product information • Clinical studies • Disease information • HEOR information
IDN C/D Suite	• Disease information • Formulary updates • Patient support programs • HEOR information

The question that follows "what do HCPs want?" is "when do they want it?" The answer is simple, but not easy: they want it when they want it, which is to say some needs may be time sensitive while others may have more flexibility. The implication is that if the information is not available from Pharma when an HCP needs it, he or she will find another source for the information. We live in an on-demand world, and HCPs are no different than the rest of us. Unfortunately, these alternate sources may not support the brand message (or even be accurate).

For immediate needs, HCPs should be able to reach the manufacturer online, pick up the phone, or better yet, find the information or engage in a chat session within the clinical flow of their EHR system. For less time-critical needs, Pharma needs to adapt to HCP preferences. Some HCPs will make representative appointments between patient visits or take breaks during breakfast or lunch. Others may prefer to engage before hours or in the evening once the kids are in bed and they have time for their continuing education.

Based on what they need and when they need it, HCPs will choose preferred communication channels for seeking and receiving information. Some needs are best met through an in-person meeting while others can more easily be met with a chat, website visit, or quick phone call. A summary of the relative benefits of various communication channels is presented in Figure 2.

Figure 2. Benefits of Communication Channels

	In-Person (F2F	Remote (Phone or Video)	Chat	Email	Website
Communication of complex information	●●●●	●●●●	●●	●●	●●
Opportunity for dialogue	●●●●	●●●●	●●●	●●	
Ability to include multiple people in interaction	●●●●	●●●●		●●●●	
On-demand availability		●●●●	●●●●	●●●●	●●●●
Interaction doesn't interfere with Schedule	●●	●●●●	●●●●	●●●●	●●●●
Low cost per interaction		●●	●●●	●●●●	●●●●
Ability to capture data for analytics	●●	●●●	●●●●	●●●●	●●●●
Ease of updating content	●●	●●●	●●●	●●●●	●●●●
Rapid dissemination of new information	●	●●●	●●●●	●●●●	●●●●

A key benefit to leveraging digital and remote channels is the richness of the data available for analysis and decision support. This includes the use of a digital resource and the impact it has, the length of a remote discussion, time spent on a webpage, email open and forward rates, and banner ad engagements. Leveraging this kind of data for decision support helps increase the effectiveness of each customer engagement. Technology is available to transcribe phone discussions and analyze voice patterns, key words, and cadence. These data can be used to automate call reporting, identify training needs, and feed the database with information on call characteristics that impact prescribing.

A New Engagement Model

The Vision

Now is the time to create a new customer engagement model that is both more effective and more efficient. For a customer engagement model to be effective, it must provide timely, relevant, and credible information to the HCP through preferred communication channels. Considering the variability in decision makers and the increasing complexity of decision making, the model also needs to be flexible to account for the diverse needs of the different stakeholders. For the model to be efficient, it should meet HCPs' and the business's needs with the lowest cost per engagement. The characteristics of an effective and efficient engagement model are summarized in Figure 3.

Figure 3. Characteristics of an Effective and Efficient Engagement Model

Effective	• Addresses diverse information needs of various stakeholders • Provides both push (Pharma proactively engages with HCP) and pull (HCP reaches out to Pharma) mechanisms • Includes promotional and non-promotional components (i.e. integrates representative promotion with more scientific/medical services, as appropriate) • 24/7 access to critical information • Incorporates, coordinates, and integrates personal and non-personal channels • Enables decision-making as close to the customer as possible • Evolves as the healthcare market changes
Efficient	• Favors lowest cost-per-engagement options to meet customer needs • Provides flexibility to address diverse customer needs and preferences • Minimizes customer points of contact • Leverages data and AI-enabled insights

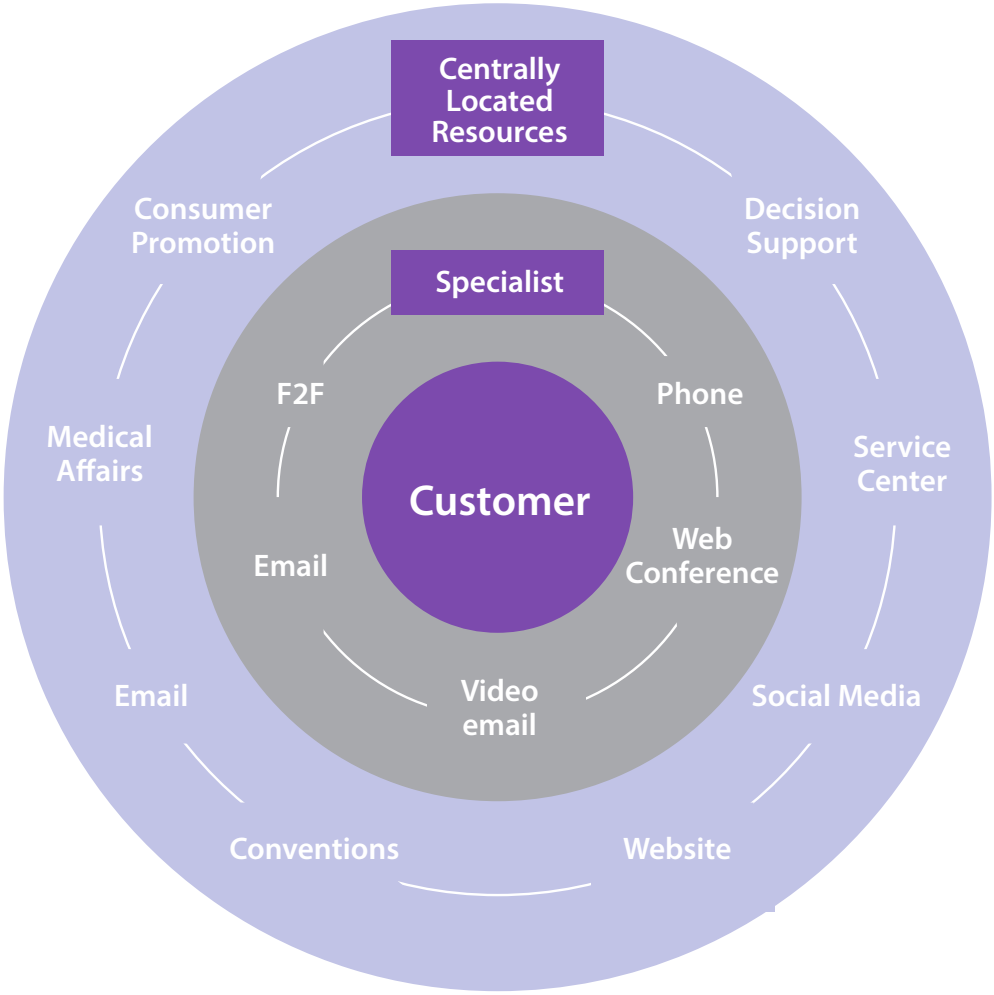
The Account Specialist

The new engagement model considers the diverse needs and channel preferences of the various customers. The model relies heavily on the Account Specialist, a new role, who directs team activities to meet business and customer needs. This person uses their experience, judgement, and an AI-enabled decision-support database to make choices on when and how to engage with customers through multiple communication channels, both face-to-face and remotely though phone, web-conference, and email. During the clinical/prelaunch phase, the Specialist role is played by the Medical Science Liaison, who then transitions responsibilities to a commercial sales leader during the launch phase.

Surrounding the Specialist are all of the centralized and other customer-facing resources needed to meet customer and business needs. These would include Medical Science Liaisons, the service center (Hub), centrally directed non-personal promotion such as email and websites, and convention support. Importantly, the Specialist doesn't need to meet all the needs of the customers by themselves, but rather acts as the account "quarterback" by triaging resources into accounts as needed. Consider a scenario in which the Specialist is working with a hospital system to get a new cardiology medicine on formulary. The Head of Cardiology has some very technical questions about the mechanism of action of the new drug. The Specialist decides that a discussion with the MSL is warranted and arranges a remote or in-person meeting.

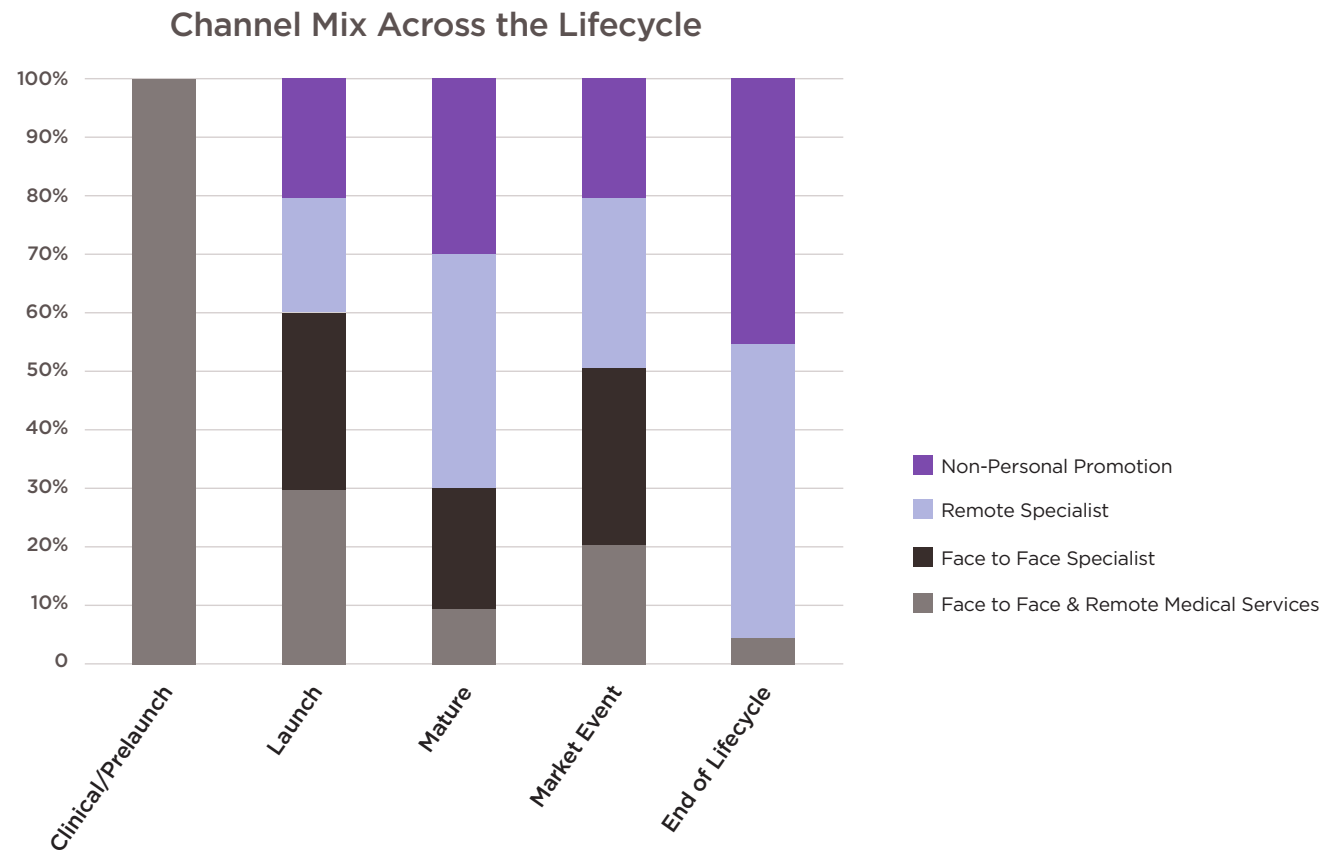
The model is depicted in Figure 4.

Figure 4. A New Customer Engagement Model



One of the defining features of the new model is flexibility. The model allows various channels to be ramped up or down based on the needs of the customer and the needs of the brand being promoted, across the stages of the product's lifecycle. Figure 5 is an illustrative example of how the channel mix might shift over time, from pre-launch to end of lifecycle, recognizing that the exact mix would be unique for each individual HCP.

Figure 5. Illustrative Channel Mix Across the Lifecycle



Depending on several marketplace aspects (e.g., therapeutic area, product lifecycle, geographic preferences, where talent is already located, etc.), the Account Specialist role can be based 1) in HQ, 2) centrally where talent is available with reasonable wages, 3) within a specified geography, or 4) disbursed. The pros, cons, and uses of these different options are outlined in Figure 6. If there are enough targeted customers within a geography requiring face-to-face interactions, the geographically located Specialist is likely the preferred model since it ensures good knowledge of the customers, market dynamics, and culture.

Figure 6. Pros and Cons of Account Specialist Location

	Pros	Cons	Uses
HQ-Based	• **Strategic and execution alignment:** better collaboration between HQ and Sales • **Efficiency/productivity:** not forced to align by geography or time zone (could align by like customers) • **Customer focus:** deeper customer understanding if aligning by customer type and best practice sharing among a co-located team • **HR:** easier to maintain cohesive team culture, easier to move talent across sales and HQ roles	• **Productivity:** travel time and costs may be higher if in-person visits are needed • **HR:** talent pool may limit scale-up flexibility	• Large, sparsely populated geographies • Brand Value Proposition requires minimal face-to-face interaction • Therapeutic areas with widely disbursed HCPs • Customer base is a unique segment with specialized needs spread over a large geography (e.g. Military) • Therapeutic category is highly complex with continuous new data, role is complex and requires ongoing training, coordination with HQ and direct oversight
Centrally Located	• Same as above except for less strategic and execution alignment • Can choose a location with lower wages and large talent pool	• Same as above, potential for larger talent pool vs. HQ-based	• Same as HQ-based
Specified Geography	• **Customer Focus:** Specialist more knowledgeable of geography • **Productivity:** less travel time for face-to-face interactions	• **HR:** More difficult to maintain a cohesive culture, less management oversight • **Productivity:** limited flexibility to realign	• Densely populated geographies • Appropriate number of customers within geography • Limited drive-time across geography • Role doesn't require high degree of management oversight
Disbursed	• **HR:** ability to recruit the best talent for roles • **Productivity:** more flexibility to realign customers/ responsibilities	• **HR:** more difficult to maintain a cohesive culture, less management oversight	• Highly specialized roles (e.g., MDs, RNs) • Role doesn't require high degree of management oversight

Enabling the New Model

A critical component of the new model is decision support that allows the Specialist to understand customer needs, affinities, and preferences to enable the delivery of valuable solutions through the channels that are most desirable, effective, and efficient for an individual stakeholder. Consider a big-data, AI-driven engine that can not only profile an HCP to know where he or she is on the product adoption continuum and which channels he or she prefers, but also suggest appropriate personal and non-personal engagement activities that match that HCP's personalized profile. It can guide the Specialist as to what they should do next (which message, through which channel) based on what has been done in the past and what has been successful with similar HCPs in the same situation.

While the notion of an AI-driven engagement engine is largely aspirational for Pharma at this moment, some companies are starting to use this type of model to make suggestions to their representatives regarding their next best engagement. The technology envisioned here would take that technology to the next level, leveraging capabilities already being used in other industries, including healthcare. For instance, health systems and insurers are using previous patients' experiences to predict which current patients are trending toward a potentially bad outcome, then intervening to improve the clinical course. In a similar way, data can be used to look for patterns on how HCPs move through their adoption continuum and apply that logic to recommend Pharma interventions.

Outsourcing versus Insourcing

When building the new model, Pharma leaders should carefully consider their sourcing model for all or parts of the model. Many functions, including the Specialist role, MSLs, and service center (as well as enabling functions) likely lend themselves to an outsourced model. Figure 7 highlights key pros and cons of outsourcing versus insourcing the new model.

Figure 7. Pros and Cons of Outsourcing versus Insourcing the New Model

	Pros	Cons
Outsourcing	• Flexibility to quickly scale up or down • Leverage best practices learned across small, medium, and large Pharma and across therapeutic areas • Indirect sales costs (i.e. Operations, HR, Finance, Fleet) are reduced since they are shared across Pharma companies • Costs for building new model, including capabilities and technology are shared across Pharma companies • Agility and speed of execution	• Perception of and potential for lower retention rate vs. insource (possibility of higher turnover) • Capabilities don't become a strategic advantage for any individual Pharma company • Requires close integration with central functions • Co-employment regulations may make it more difficult to control quality
Insourcing	• Historically better employee retention • Potential for creating a competitive advantage (short-term) • Ability to better control quality (no co-employment obstacles)	• Cost of building the new model is borne entirely by each company • Historically slower to execute • More difficult to scale up or down • Pharma company bears full direct and indirect costs to operate • Not learning from other Pharma

Building and operating this new engagement model with an outsourced partner creates an opportunity to change the outsourcing paradigm. Traditionally, outsourcing customer-facing functions has been seen largely as a cost-saving move, leading Pharma to negotiate the lowest possible hourly rates for each type of operative and adding a small management fee. This makes it difficult for the outsourced partner to recruit the best talent or invest in building new technologies and capabilities. It also limits new market entries due to low profit margins.

The new model can create an opportunity to build true partnerships that can even include novel compensation models such as pay-per-engagement and/or pay-for-performance, in which the outsourced partner is rewarded for hiring the best people, building new capabilities, and driving better business performance for their clients.

The Business Case

It stands to reason that if a manufacturer can design and implement a more customer-centric HCP engagement model that provides relevant and credible information in a timely and customized manner, business results will improve. The leverage in this model comes from being able to deliver improved revenue in a significantly more efficient manner.

The efficiency comes from 1) optimizing channel mix and using the lowest cost channel to achieve each objective, 2) more efficient use of resources by leveraging insights and data-driven AI to optimize resources, and 3) reduced travel costs.

Let's consider an illustrative example of the productivity and financial benefits of the new model. We estimate that the cost of a field-based representative is about $200k per year (fully loaded, direct costs only). If a face-to-face representative sees 5 customers per day and is in territory for 45 weeks per year (1,125 engagement per year), the average cost per engagement is $178. If the same representative spent 40% of their time (2 days per week) speaking to customers remotely and engages with 15 customers on their remote days, they would be able to engage with 45 customers in the week (2x15 + 3x5) or 2,025 engagements in a year, an 80% improvement in productivity. At the same $200k per year, the average cost per engagement drops from $178 to $99, a 44% improvement. If the face-to-face representative drives 100 miles per day at $0.58 per mile, 2 fewer days of driving reduces travel costs (not including tolls) from $290 to $174 per week, a 40% reduction. To recap, that's an 80% increase in productivity, a 44% reduction in cost per engagement, and a 40% reduction in travel costs.

A face-to-face sales force of 300 representatives at $200k per representative costs $60MM for about 340k customer engagements in a year (assuming about 45 weeks per year in territory). That same sized sales force could have over 600k engagements in the same year by leveraging some remote engagement. Alternatively, a much smaller sales force of about 170 Specialists could generate those same 340k interactions at a cost of $34MM, a savings of $26MM per year. The implication is that each Specialist can take responsibility for more customers (larger target list) or have more engagements with fewer customers.

Some will question whether remote engagement will actually drive as much revenue as face-to-face. By creating the right data plan, decision support will help the Specialists choose the right channel for the right objective, thereby optimizing the channel mix. In the scenario above, if the manufacturer is

paying $178 per interaction to achieve an objective that could have been met for $99, resources are being wasted. In the same respect, if a manufacturer is engaging with 25 customers per week when they could be engaging with 45, they are not getting the best return on their investment.

Execution

Executing this new model will have implications across the domains of people, process, and technology.

In the people space, there will be new capabilities required. Specialists will need to be able to engage through multiple communication channels, engage with a wide array of different customer types, and have the acumen to determine which channel to use for which objectives with which customers (with the help of a data-driven decision-support tool).

From a process perspective, Specialists will need resources that meet customer needs through multiple communication channels, thus impacting how resources are developed and approved. For example, a sales aid developed for a face-to-face interaction with an iPad will likely look different than a sales aid delivered remotely on a web-conference. Some customers will want patient education in hard copy, while others will want it electronically. One customer may prefer to call the Service Center, while another may want to go online or chat for the same information.

Enabling the new model will require investments in technology to both enable the interaction and support the Specialists. Assuring the Specialists have the right platforms to engage with customers through multiple channels as well as the need to monitor engagements through these channels will drive decisions on hardware (laptop, iPad) as well as software/apps. Decision-support will require a database and a sophisticated AI engine.

Like almost everything in Pharma, there is a range of compliance considerations that must be addressed. Examples of these considerations can be found in Figure 8.

Figure 8. Examples of Compliance Considerations

- What resources are available to Specialists to be able to engage across the diversity of customer types?
- What are the limits of interactions across the different parts of the engagement team (can the Specialist be present during an MSL or Service Center discussion)?
- Do web-conferences and phone calls need to be monitored by managers?
- What customer data is available to the Specialists?
- Can web-conferences and phone calls be recorded for analytics and training?

Selling in the New Model

This new model will challenge strongly held beliefs within Pharma, most notably the belief that in-person sales effort is most effective and that other channels should be reserved for service or simple messaging. Underlying this belief are the assumptions that, 1) Pharma sales is dependent on a good representative-to-HCP relationship, which can only be established and maintained through face-to-face interaction, and 2) helping someone change a belief or behavior requires face-to-face interaction, especially when the messages are complex.

With regard to the necessity of strong and long-lasting relationships, consider how quickly the picture has changed in our own patient-to-HCP experience. In the past, we all wanted to have a personal relationship with our primary care physician. Today, many of us opt for the convenience of being able to see any physician within a practice (or urgent care or telemedicine clinic) quickly, as long as we feel like we're getting quality care. For investment questions, we call the Vanguard or Fidelity call center to get fast answers, rather than scheduling a visit with our stockbroker. Similarly, many HCPs want their Pharma needs met quickly and accurately by a credible source, whether it is the representative, call center, website, etc.

As for the notion that only face-to-face interaction can change complex behavior, the new model allows for face-to-face engagement, depending on the business and customer need. In fact, the decision-support engine will make recommendations for when face-to-face engagements are needed based on the complexity of the message and customer channel preferences and affinities. Even for those customers that have a specific affinity for face-to-face interaction, it's very possible that once the Specialist has a relationship with an HCP they can be effective interacting with him or her through remote and non-personal channels to meet some needs.

For some manufacturers, overcoming entrenched beliefs can only be accomplished by changing their experiences. COVID-19 has helped provide first-hand knowledge about remote engagement, but it is important to note that in some cases this experience may not have been executed as effectively as it could be given the lack of training and preparation for the remote engagement. Furthermore, the recent COVID-forced remote interactions have not been guided by the artificial intelligence that would be included in the fully functional model described in this paper. Complete, well-designed pilots can help change misperceptions about remote engagement and further inform execution decisions. Figure 9 provides a framework for considering manufacturer and market dynamics to determine the best engagement model for various situations.

Figure 9. Simplified Scenario Planning

	Characteristics	Face-to-Face Model	Optimized Channel Mix (New Model)	Remote-Only Model
	Complexity of Sale	High	High-Medium-Low	Medium-Low
	Profit Margin	High	High-Medium	Medium-Low
	Direct Selling Budget	High	High-Medium	Medium-Low
	Point in Lifecycle	Launch-Early	Launch-Early-Mid-Mature	Mid-Mature-End
	Customer Concentration	High	High-Medium-Low	High-Medium-Low
	Customer Beliefs	Traditional	Progressive	Traditional-Progressive
	Portfolio Breadth	Broad	Broad-Narrow	Broad-Narrow
Suggested Client Approach		Focus on F2F, look for remote and hybrid pilot opportunities	Propose New Model	Use to complement F2F and when lowest cost per engagement is warranted/required

The new model is appropriate for all markets/therapeutic areas but requires that the manufacturer be progressive in their engagement approach. For manufacturers entrenched in the face-to-face model, the recommended approach would be to start there, but look for opportunities to pilot remote and hybrid (mix of face-to-face and remote) to demonstrate the effectiveness and efficiency of these approaches.

Conclusion

Necessity is the mother of invention. The COVID-19 pandemic requires a different approach for Pharma HCP engagement. Building a data-driven model that is flexible, customizable, and leverages multiple communication channels to deliver relevant and timely information to a broad range of customers is a worthwhile pursuit, likely to have an extremely high ROI. Finding the right outsourced partner and partnership structure to build and operate the model has significant advantages for both the manufacturer and their partner. The time is now!

Contact Us

Christina DiBiase
Chief Commercial Officer
contact@amplity.com

John Boney
Head of Remote Engagement
contact@amplity.com

Brian O'Donnell
Head of Commercial Solution
contact@amplity.com

References

1. Saenz, H, et al. The "New Normal" Is a Myth. The Future Won't Be Normal at All. Bain & Company website. https://www.bain.com/insights/the-new-normal-is-a-myth-the-future-wont-be-normal-at-all/. Accessed September 8, 2020.

2. IQVIA. Monitoring the Impact of COVID-19 on the Pharmaceutical Market. June 19, 2020, data week ending June 5, 2020.

3. Accenture. Reinventing Relevance, New Models for Pharma Engagement with Healthcare Providers in a COVID-19 World, Accenture Healthcare Provider Survey, May 2020. https://www.accenture.com/_acnmedia/PDF-130/Accenture-HCP-Survey-v4.pdf. Accessed September 8, 2020.