

CUSTOMER SUCCESS STORY: PHARMACEUTICAL INDUSTRY

Realizing Cost Savings & Efficiency Gains through Marketing Resource Management:

Business Situation

The Senior Vice President of Marketing at one of the largest pharmaceutical companies in the world considered the negative financial impact of the glaring inefficiencies in their sprawling multi-brand organization:

- Poor collaboration between corporate teams and third party agencies resulting in exorbitant waste and costly production mistakes associated with scrap inventory, late fees, and re-work fees (e.g. Med/Reg Review & Approval process).
- Limited cross-brand learning from prior marketing success or failures lead to investment in non-strategic programs or programs with little to no impact.
- Misalignment between brand marketing tactics and corporate planning objectives and strategies fuel organizational culture where “Brand is King” and lead to extended planning and execution cycle times.

With a marketing budget approaching \$500 million, these challenges represented significant opportunities for financial gains if even modest improvements could be made. But any change would be difficult given the large and disparate marketing community, the complex technology environment, and an increasing regulatory burden.

The corporate marketing team had already prepared initial marketing organization process improvement plans; however, very little had been deployed. For measurable efficiencies to be realized across the large organization a significant enabling technology and organizational change investment would be necessary.

His team was considering the potential benefit of implementing Marketing Resource Management (MRM) technology to enable and mechanize marketing process efficiency. Leading enterprise MRM software packages were available and already proving successful at other major pharmaceutical firms. But were they ready? How would they begin?

Quaero's MRM Practice was retained to help the corporate marketing team assess the benefits of implementing MRM, and the overall organization's readiness to adopt the appropriate technology and process change measures. A detailed business case and roadmap would be required for the SVP to justify the transformational investment. Quaero would work hand-in-hand with his brand and corporate teams to build the case and write the plan.

Quaero's MRM Practice Unique Roadmap Process

Med/Reg Review and Approval and other critical work-streams assessed.

Based on dozens of large-scale Enterprise Marketing Management engagements, and a number of recent Fortune 500 MRM implementations, Quaero had developed a fine tuned proprietary methodology to help clients like this one evaluate the opportunity for MRM, and define the right way to begin to realize quick wins, true organizational adoption, and lasting success.

Over 14 existing marketing technology applications evaluated.

Using this process, Quaero conducted an assessment of critical existing marketing work-streams such as Brand Planning, Program Development, Med/Reg Review and Approval, and Rebate processing to confirm the key challenges and also to prioritize them for action. In parallel with this process assessment, Quaero also evaluated over 14 existing legacy applications which support marketing planning and execution. Quaero's consultants found that those systems were fragmented, technically complex (many platforms and standards), had many data quality issues, and provided poor process support and re-enforcement.

Quaero identified the top process challenges and technology limitations. These were translated into key functional and technical requirements for an automated solution. The requirements were evaluated with respect to a variety of marketing technologies. MRM emerged as a perfect fit for the organization's needs. By implementing an MRM solution, the company could phase out several marketing technologies that provided little to no value to end users; replace existing marketing technologies that were outdated with one centralized marketing platform; and integrate with mission critical legacy systems. The business case for MRM was becoming clear.

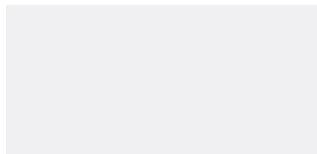
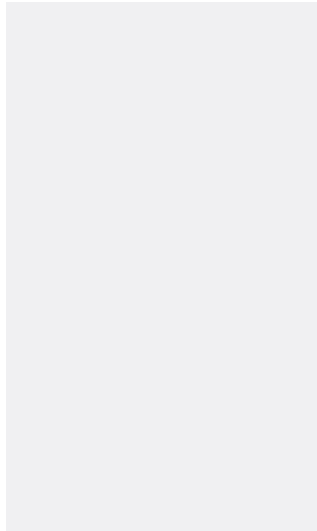
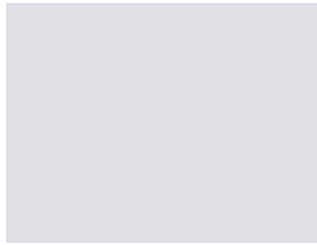
By moderate estimates, MRM will provide \$50MM in cost savings and efficiency gains annually.

\$50 Million in Annual Savings

The next step in the Quaero process was the completion of the detailed and quantified MRM business case. The business case included several dozen instances of wasted spend, duplicate or ineffective investments, and opportunity dollars which could be re-applied in other areas to drive higher levels of business performance. An astonishing annual savings of over \$50 million would be available with the implementation of MRM.

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The significant financial benefits included:

Benefit	Benefit Area	MRM Enablement
Cost Savings	Reduction in Non-strategic Programs / Programs with No Impact	<ul style="list-style-type: none"> • Stronger link between promotions and strategic goals • Measurement capabilities quantify and qualify program choices and investments. • Enables more disciplined management of budgets and actuals • Integrated platform for programs prioritization focusing spend on most productive opportunities
	Reduction in Production Mistakes	<ul style="list-style-type: none"> • Enables identification and elimination or reallocation of unnecessary cost or wasted spend • Enforces process adherence and check points for internal and external resources
Efficiency Gains	Reduction in Time to Competency	<ul style="list-style-type: none"> • Reduces ramp-up time for new brand team members • Enables consistent process adherence and provides audit trail where things go wrong • Embeds process and makes it largely transparent
	Reduction in Planning & Execution Cycles	<ul style="list-style-type: none"> • Increases speed of “go to market” for promotional campaigns providing competitive advantage to brand teams • More efficient management of resources, creating additional capacity to better focus on key initiatives and productive marketing opportunities • Shared visibility of promotion plans facilitates collaboration and better decision making

With a clear business case and requirements in place, Quaero’s next task was to propose a comprehensive phased implementation roadmap. With direct experience from multiple implementations similar to this one, Quaero’s roadmap reflected key risks, realistic timeliness, and buffers for unknowns. The roadmap deliverable included a detailed schedule and milestone plan which reflected priorities for rollout, capacity to absorb process and technology change, knowledge transfer and training, and key business cycles.

Quaero’s Experience Helps Prepare for MRM Success

Quaero’s MRM business case, roadmap and implementation methodologies are based on a number of key points that ensure lasting success. These points are generally taken right from the words of successful Quaero client executives, who have told us about our work for them. In summary, these key success points are:

- **Understand the Business Process and Cultural Impact.** Which processes are you targeting and how will they be positively impacted? What existing

processes will be modified or go away entirely? Where will the greatest efficiencies be realized? How are people on the ground likely to react? What change management tactics will be most effective in ensuring success? What is the best combination of training and knowledge transfer techniques to ensure maximum user adoption?

- **Understand the Technology Impact.** Which legacy systems are currently supporting marketing planning and execution processes, and how? Will any of those systems be replaced by MRM? Have the owners and users of those applications been consulted? What systems integration, if any, will be required to ensure the success of the MRM initiative? Are there any planned systems projects which will positively or negatively impact the success of the MRM project?
- **Don't Forget About Reporting.** Reporting is often overlooked but is one of the keys to realizing value from an MRM investment. Have you thought about which "out of the box" reports from your chosen MRM vendor will be most useful for you? What custom reports will you need and do you have the inhouse expertise to build them?
- **Recognize and Reflect Your Key Business Cycles in the Implementation Plan.** When is the best time to go ahead with the implementation? In what sequence should the MRM modules be deployed? Should there be a pilot or proof of concept first before engaging in a full deployment?
- **Ensure Your Executives are Fully on Board and Believe the Business Case.** It is one thing to have a business case. It is another to have one which executives believe and will champion. Is your business case targeting the kinds of improvements which your leadership is focused on? Is the emphasis on efficiency (doing things faster or better), or effectiveness (focusing on the "right" things and most productive marketing investment opportunities), or both? If you can understand where corporate priorities lie and align your business case to reflect those focus areas, your chances of engaging and convincing executives are much higher.
- **Partner with End-Users to Develop a Detailed Migration Plan from Current to Future State.** User adoption will be maximized if end-users are consulted in advance, are on board with the case for change and, critically, have been deeply involved in building the migration plan from today's processes supported by today's technology to tomorrow's processes enabled by MRM. You will truly be



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ready when that plan has been developed and agreed upon with the people whose roles will be most impacted. It also helps to map the organization so that you can identify likely champions and early adopters. They will be critical to your success and should be the focus for an agreed “journey management plan.”

- **Focus on Tangible Results.** Regardless of how large your organization is or the discretionary marketing budget you have, the cost savings and efficiency gains enabled by MRM are very real and within your reach. But in order to realize the full benefit, you need to properly plan and take a holistic approach by addressing process, technology, and change management aspects of such an initiative. By doing so, you too can realize accumulated net benefits in the tens or hundreds of millions.



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About Quaero

Quaero, a CSG solution, uses customer intelligence to help clients shift from traditional campaign-driven marketing to real-time, multichannel customer interaction. Quaero experts blend strategy and analytics with performance management and technology to establish dialogues that improve the customer experience while increasing overall customer value.

Headquartered in Charlotte, NC, the Quaero solutions group provides marketing services to category-leading clients within the Financial Services, Pharmaceutical/Healthcare, Travel and Leisure, Media, Consumer and High Tech industries. For more information, call 1-877-570-2199 or visit www.quaero.csgsystems.com.