Evaluation Guide
Version 3

Sample Optimization Performance Blueprint

An organizational rationale for sample distribution

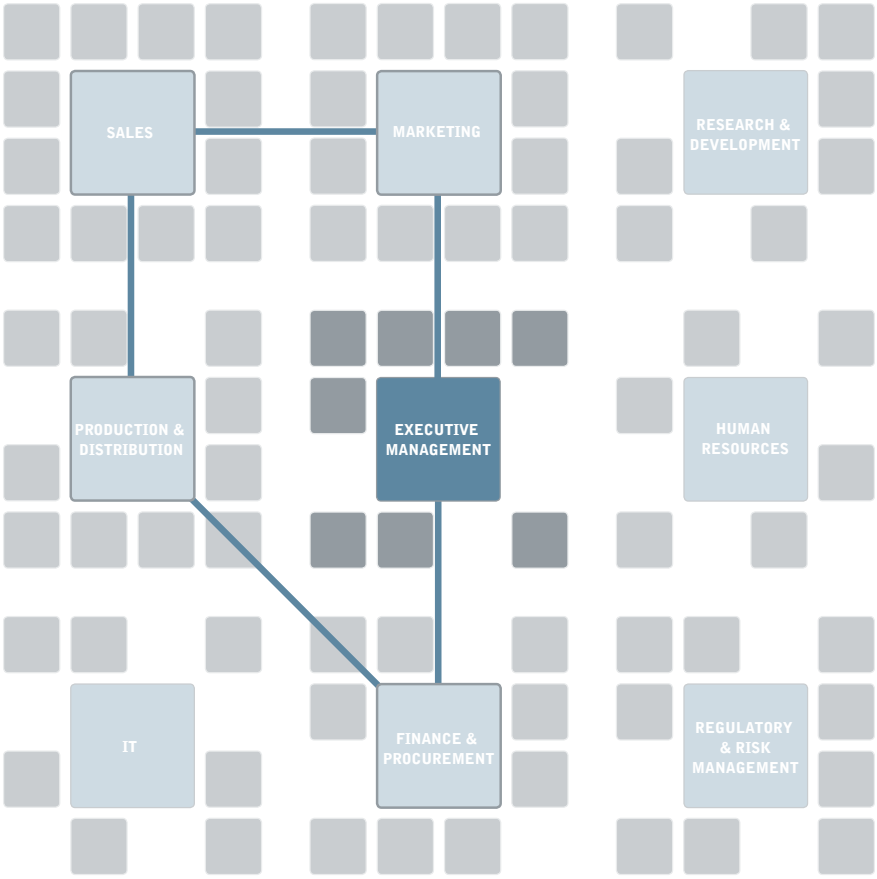
Information Management

Cognos. software

Sample optimization helps companies distribute samples with the goal to increase ROI and drive increases in prescription volume.

Marketing resources, product samples, program funds, and education programs are some of the largest expense items in a pharmaceutical company's marketing plan. Such items must help achieve one of a company's top goals: increasing prescription volume. Every pharmaceutical company needs to determine the right mix and amount of resources to allocate to its sales force to meet prescription volume growth targets.

It is a complex task. Pharmaceutical companies typically employ an array of internal data sources such as CRM and ERP systems to gain valuable insights into customer behavior and buying patterns. But companies must also look outward to analyze the complex interplay of demographic and market trends that can point to new or emerging opportunities.



Finally, the company's hundreds or thousands of sales reps provide critical input based on their own first-hand knowledge of customers. The sample allocation process is characterized by the needs:

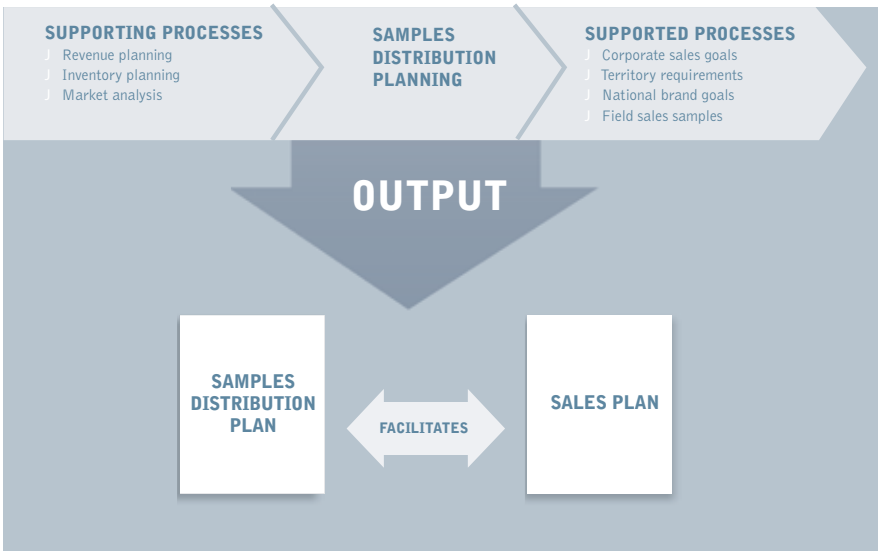
- To coordinate and establish consensus sample allocation between sales, finance, marketing, and operations.
- To understand market, revenue, and inventory drivers in order to properly allocate samples to increase prescription volume.
- To synchronize sample allocation with corporate revenue goals.

The key Sample Optimization output is a samples distribution plan that supports the company revenue plan.

The revenue plan sets resource allocation goals for the organization. Inventory planning provides the product samples needed to support the organization's revenue goals. Market analysis provides input to the allocation methodology to determine the optimal distribution of samples to meet forecast revenue goals.

Together, these processes provide the inputs needed to optimize sample distribution to the sales force.

Sample Optimization combines processes to create a corporate rationale for samples distribution that includes participation by key stakeholders: brand managers, sample administrators, inventory mangers, and regional sales managers.

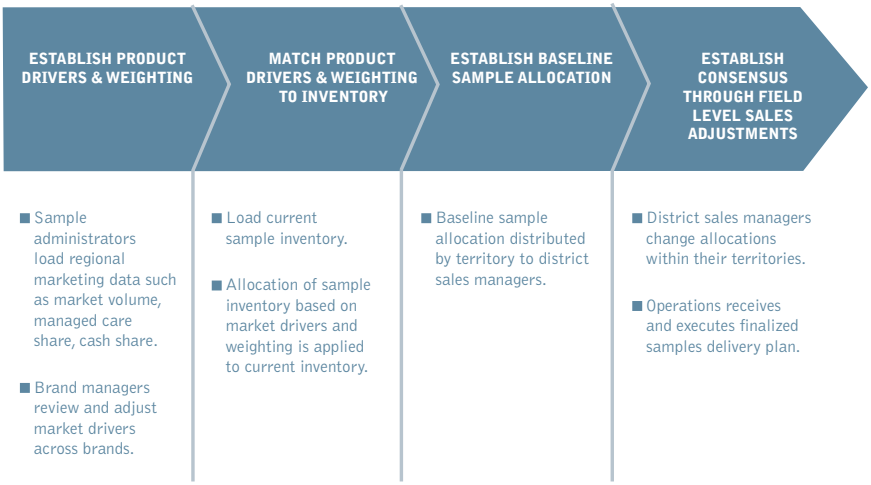


When sales forecast is revised, regional market metrics and global brand goals are matched to sample inventory levels for territory distribution. District Sales Managers adjust allocation to build consensus.

Pharmaceutical companies seek to influence prescription volume by distributing samples to medical practitioners. An effective approach to samples allocation should evenly distribute responsibility and enhance communication between sample administration, brand management, field sales management, and operations.

In the allocation process:

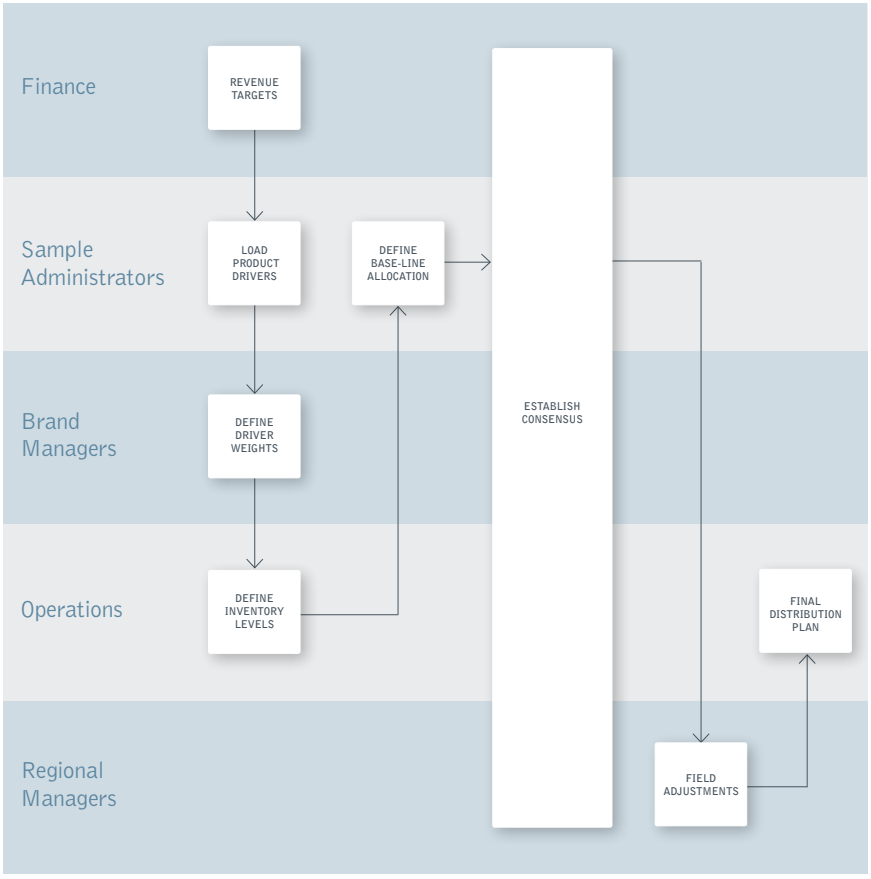
- Sample administrators typically allocate samples by territory based on market conditions.
- Brand managers view sample allocation outside of territory boundaries by market drivers such as cash share, managed care share, and market volume. Once these drivers are loaded and weighted, a review of available inventory helps establish the baseline samples allocation by territory.
- Field sales management reviews and approves the baseline allocation.
- District sales managers analyze sample allocations in terms of territory requirements and adjust sample cases within the total district appropriation.
- Operations then ships the agreed-upon samples to associated territories and account managers.



A typical workflow supporting the Samples Optimization process.
In many companies, sample allocation can be highly political. Typically, revenue targets are established through a sales forecast. Resources are then allocated to meet the targets established.

One key resource is sample distribution. Best practices dictate that samples be allocated to territories having the most potential for purchase by customers through doctor prescriptions.

Most companies currently use a combination of spreadsheets and reports from their CRM and ERP systems to develop a sample distribution plan.

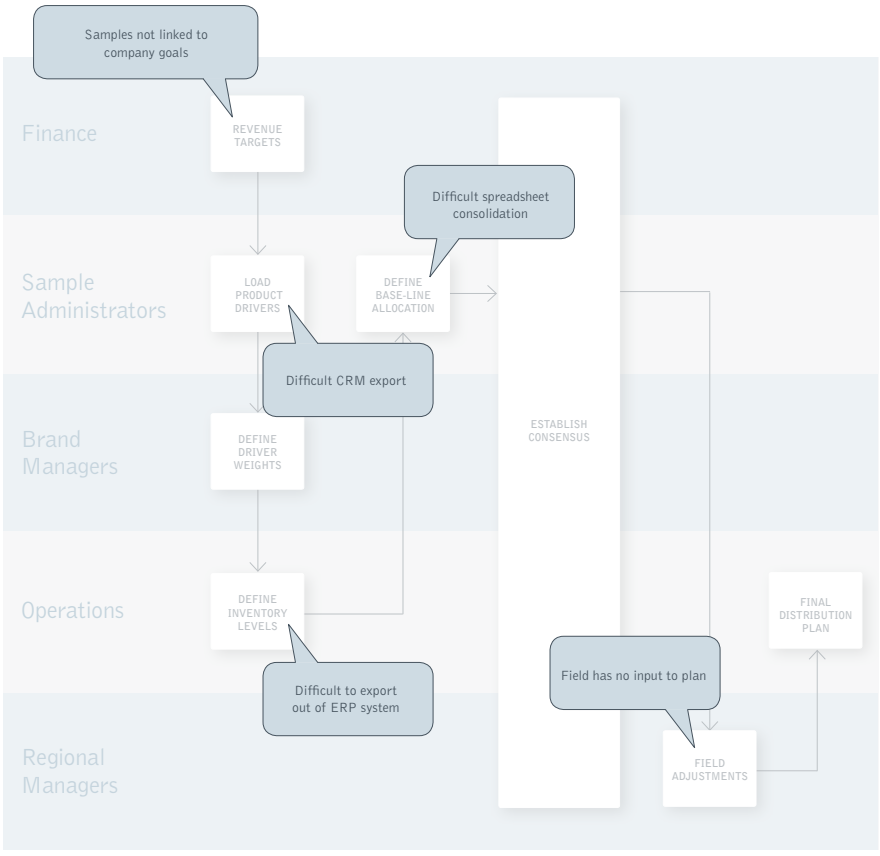


Managing sample allocation with CRM or ERP systems and spreadsheets can lead to error and difficulty in deriving a consensus distribution plan with sufficient detail to improve forecast accuracy.

Customer Relationship Management (CRM) systems are good at capturing aggregate sales forecasts by customer, as well as customer information. But it is impossible to use CRM to forecast across thousands of product samples and territories. Enterprise Resource Planning (ERP) systems can manage inventory levels, but cannot establish stock levels based on company revenue goals.

Consequently, many companies use a separate spreadsheet process to try to capture additional information. The result is a disconnected manual process across sales, marketing, finance, and operations. Most companies forgo such a painful process and simply forecast at a higher level–typically at product-family level–and ignore differing regional requirements.

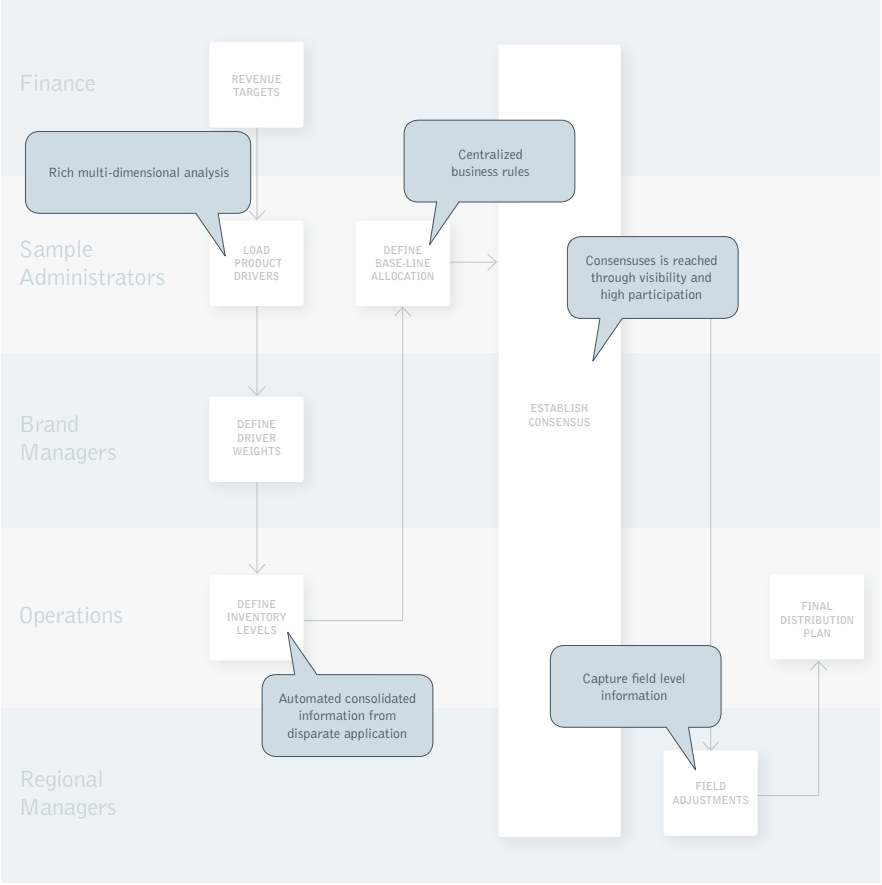
Consensus-building is extremely difficult in a spreadsheet-based process, because versioning problems and inevitable error create obstacles to collaboration. While companies can complete the process in a week or a month, they often do so with neither adequate detail nor direct inputs from sales reps–the ones who know customers best. The result is unacceptably poor forecast accuracy.



High-performance companies replace the manual spreadsheet process with robust multi-dimensional modeling and integrated workflows that help reduce error, improve control, and increase accountability

With IBM Cognos® 8 Planning and the *IBM Cognos Sample Optimization Performance Blueprint*, all stakeholders can contribute to the sample allocation process.

IBM Cognos 8 Planning provides a consistent automated mechanism for soliciting information from stakeholders–by both function and responsibility. The result is an environment that aligns corporate goals with functional responsibility and–ultimately–a sample distribution process that takes into account market conditions, corporate goals, and field-level information to increase return-on-investment for the entire sample process.



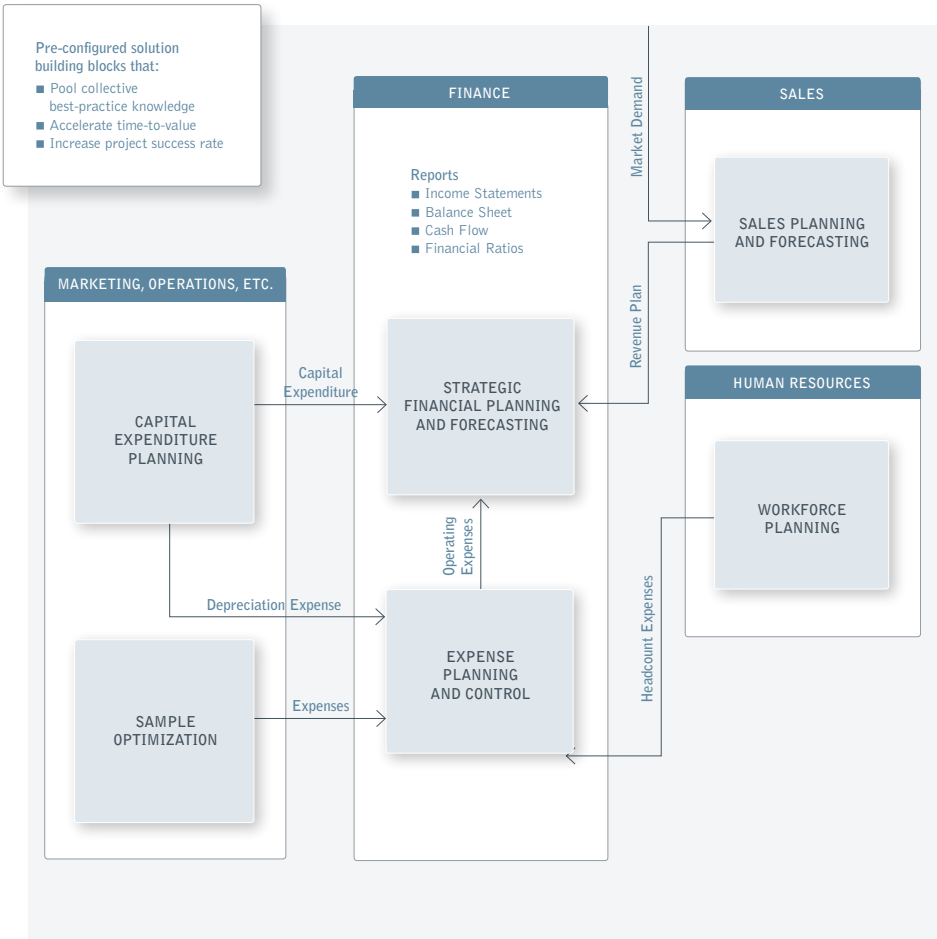
The IBM Cognos Sample Optimization Performance Blueprint enables an integrated sample planning process that aligns sample distribution with corporate objectives.

IBM Cognos Performance Blueprints offer the visibility and control you need to change direction and meet goals with confidence. Performance management enabled with *IBM Cognos Performance Blueprints* offers the ability to adapt, to identify trends, and to proactively address change–both internal and external–quickly and accurately.

Developed for a wide variety of functions and industries, *IBM Cognos Performance Blueprints* are pre-defined data, process, and policy models based on proven best practices in enterprise planning and financial management and control. *IBM Cognos Performance Blueprints* can jump-start deployments in key areas like strategic financial planning and forecasting, workforce planning, and management and financial reporting, as well as industry-specific processes such as retail store operations planning or bank branch performance forecasting.

In the hands of IBM Cognos Implementation Services consultants, IBM Cognos certified implementation partners, or experienced customers, *IBM Cognos Performance Blueprints* can reduce project implementation schedules and improve project success rates.

The *IBM Cognos Sample Optimization Blueprint* enables sales and marketing to focus on the most profitable territories and products through an effective, intuitive, and integrated process. The *Blueprint* improves insight into market indicators, field level information, and inventory levels. And it enables sales and marketing to ensure that the samples distributions are in line with corporate targets.



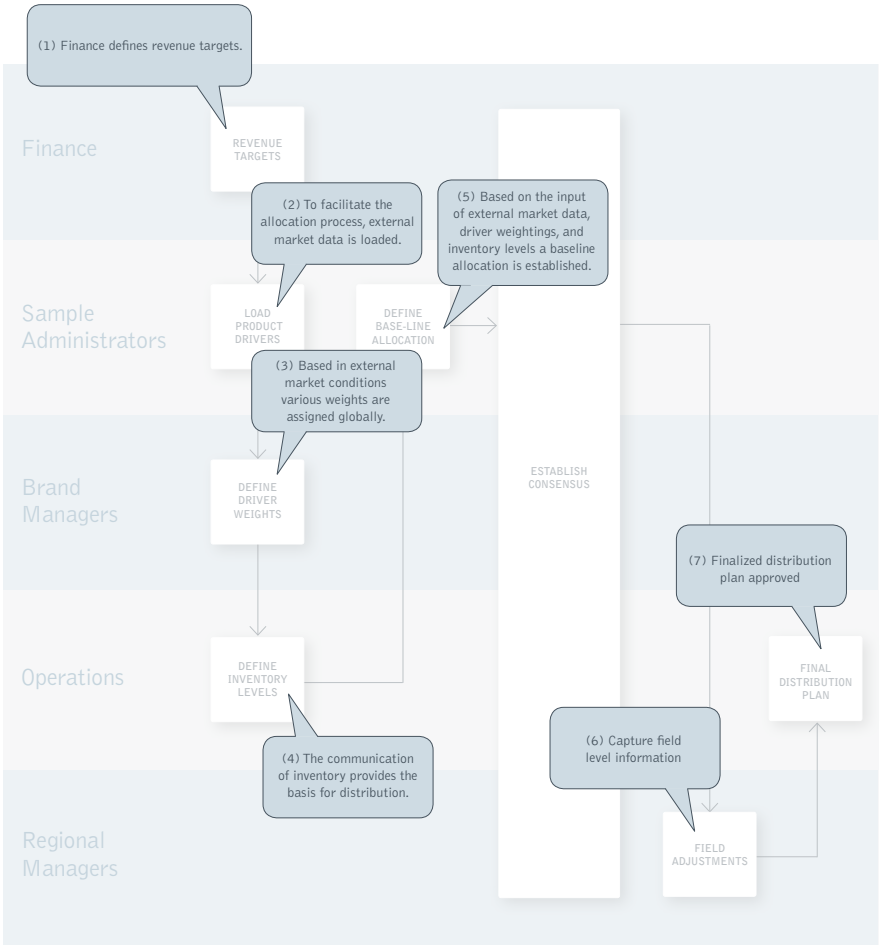
A Blueprint-enabled best-practice workflow quickly captures sample requirements with sufficient detail to improve forecast accuracy.

A company has revised its sales forecast and must reallocate samples to help meet new targets. Input from stakeholders across the organization is required.

- Sample administrators view the allocation process from a territorial perspective based on external market conditions.
- Brand managers view weight external drivers based on national goals and assess inventory levels to derive a baseline allocation plan.
- Field sales management provides additional information, so the allocation process can be fine-tuned to help meet revenue goals.

The process is repeated across hundreds of products and sample packages.

The sample allocation process provides an organizational rationale that increases participation and accuracy of the samples process. A typical company using the *IBM Cognos Sample Optimization Performance Blueprint* has increased prescription volume by 10% and helped ensure revenue goal attainment.



IBM Cognos Sample Optimization Performance Blueprint

IBM Cognos 8 Planning delivers key benefits to pharmaceutical sales and marketing organizations:

- Optimized sample allocation process.
- Increased ROI from samples.
- Simplified gathering and validation of field input.
- Flexible model development.
- High-participation work flow and Web-based deployment for data collection and consolidation.
- Real-time workflow.
- Real-time consolidation.
- Real-time calculations in the browser for immediate insight into performance.
- Single operational system can be used across multiple products and sales forces.
- Scalable architecture with proven deployments to thousands of users.

About the IBM Cognos Innovation Center For Performance Management

The IBM Cognos Innovation Center for Performance Management is dedicated to the understanding, adoption, and implementation of next-generation practices in planning, analytics, performance management, and business intelligence competency. It is a consortium of industry leaders, practitioners, thought leaders, forward-looking executives, and technology experts experienced in, and committed to, the advancement and successful application of technology-enabled performance management best practices. The Innovation Center seeks to assist organizations in optimizing the alignment of their plans, processes, and resources with corporate goals and strategies.

About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

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