CRM in the Pharmaceutical and Life Sciences Industry – Challenges and Success Factor

By Gregor Börner

ec4u expert consulting ag, Karlsruhe

Particularly in the pharmaceutical industry, Customer Relationship Management and the tools that support it – i.e. the CRM system – have been for years an integral part of marketing and sales. However, the potential of CRM is still far from being exploited in every company, in some cases it even fails completely. There are, however, a few success factors that – if taken into account – make CRM projects fail very much unlikely. These factors include a definition of the CRM objective and strategy, a comprehensive communication of the benefits to be expected as well as a CRM system that meets the individual needs of the customers in the best possible way.

Many CRM projects don’t go according to plan

The most common challenge of a CRM introduction is user acceptance. Frequently, CRM systems were perfectly implemented but the users still don’t use it.

In many cases, this is due to a lack of change management but also to a missing link between daily work and the CRM system so that working with the system is considered as just another task to perform without tangible benefit. Consequently, the users give these tasks low priority or even fail to perform them. Often, you can hear staff saying “Sales reps log in only on Fridays to do the visit reports of the entire week, and only because it is relevant for bonus payments.”

Another frequent problem is poor data quality, which is a vicious circle: nobody uses the data because it is so bad, and nobody takes care of it because it is not used. Eventually, the data quality gets worse and worse. This is even the case when data from external sources (f. ex. from Cegedim Onekey Pool) is purchased.
The benefit of a CRM system is undisputable

It is, however, indisputable that CRM and a supporting CRM system can provide a significant contribution to the success of every company. The benefit is twofold: increase in revenue and cost savings.

**Increase in revenue**

CRM uses various leverages to generate more revenue. A better understanding and development of existing customers can result in improved up-selling and cross-selling, increased success rates of offerings, higher reselling rates, more recommendations as well as lower price sensitivity of the customers. This can be achieved, among other things, through a better alignment of all customer channels. Thanks to structured market development, higher lead rates can be achieved, and more leads will eventually be converted into buyers.

**Cost savings**

This increase in revenue, however, will not be reached through higher costs. A functioning CRM system rather helps reducing costs. Cost savings are achieved through lower process costs (less coordination etc.), less administration efforts, lower divergence losses in sales and marketing and an increase of the self-service level of employees and customers. Considering the high share of marketing and sales cost of pharmaceutical companies, it becomes evident how powerful this leverage can be.

Let’s put it like this: CRM means doing the right thing (effectiveness) in the right way (efficiency) to increase revenue. The benefit has become evident now, but how can you make sure a CRM project becomes a success?

---

**THE AUTHOR**

Gregor Börner is Principal Consultant with ec4u expert consulting ag in Karlsruhe. In this role, he consults companies primarily from the pharmaceutical and life sciences industries in all matters regarding CRM. His focus is placed on the strategic and technical questions of a CRM implementation. Moreover, he takes care of ec4u’s pharmacrm blog.

In these cases, that extends to the type data in the CRM system that sales reps need to collect.

**Customer Relationship Management (CRM)**

CRM is an approach of supporting customers in a structured way and to develop long-term and sustainable relationships with the clients.

**CRM System**

A CRM system is a technical tool that supports CRM processes. Based on a customer or lead database, the system provides the data and tools needed for CRM.

All these issues will eventually result in the CRM system failing to provide the benefits expected by the company that introduced it.
From my project experience, there are four aspects that you need to consider when introducing a CRM system: CRM strategy, processes and structures, technology as well as employees and corporate culture.

**CRM Strategy**
No CRM project and no CRM system implementation will ever be successful without defining beforehand what you want to achieve (CRM objective) and how you intent to achieve it (CRM strategy). This has to be done because a) without knowing where you want to go you cannot measure if you achieved your goal, and b) in order to have guiding principles for the implementation of the CRM strategy into processes, the system, and with the employees.

The CRM strategy of a pharmaceutical company, for instances, answers the question what the company seeks to achieve with which customers. For example, it answers the question if OTC companies generate revenue from OTX prescriptions from doctors or recommendations made by pharmacies (“What do we want to achieve?”). This is also where decisions about how pharmacy recommendations are made (commercial vs. scientific argumentation: “How do we want to achieve our goals?”). This decision does not involve a specific CRM system, it is, however, the basis for the following steps.

**Processes and structures**
Once the CRM strategy is defined, the next step is to describe the business processes needed to implement the strategy. Questions may include: What is an ideal visit to a doctor (plan, prepare, do and follow-up)? What are the steps and who is responsible? This is not the moment to talk about a specific technology yet: at this point of time, marketing, service and sales need to define what customer touch points have to be like to achieve the defined goals.

This second element of the processes is the one that requires the highest amount of work in a CRM project because everyday reality, experience for a long time, is documented and reviewed for the first time ever. This effort, however, will eventually pay off: only when all CRM relevant processes are thoroughly documented and reviewed and match the CRM strategy, the right CRM system can be chosen to support the processes.

**Technology**
Once the processes are defined, it’s time to determine CRM system requirements based on the processes (“Which are the situations and processes we need technical support in?”) and to match these requirements with the offerings of the CRM system providers in the market. Only a (customized) system that meets the requirements in the best possible way can deliver the expected benefit. The requirements of the pharmaceutical industry will be described later.

**Employees and culture**
The issue of employees and corporate culture is often forgotten or not taken care of because it is less tangible. Without the employees being involved and having understood the benefit, and without a bonus system consistent with the CRM goals, the CRM introduction

---

**Illustration 1**

[Diagram showing CRM success factors: Strategy, Processes & Structures, Technology, Employees and culture]
will not succeed. Change management will be covered later in this article.

It has become evident that the introduction of a CRM system is more than just switching on a piece of software.

---

**Characteristics of the pharmaceutical industry**

Each industry has its peculiarities with regard to Customer Relationship Management. When selecting the right CRM solution, it is therefore essential to have these peculiarities reflected in the system. This will increase user acceptance and decrease (if already available out of the box) the implementation effort.

In the pharmaceutical industry – with its extensive experience in optimizing market development – one of the biggest challenges in customer development is the differentiation between decider, payer, user and supplier and the resulting political restrictions.

There is hardly any other industry with such complex delivery schemes for goods that, in part, cost less than 10 €. This construct is defined and stabilized by a large number of laws and regulations that need to be considered when in contact with the customer. An example is the increasingly complex regulation regarding the supply of samples for physicians (FSA Code of Conduct).

Furthermore, there are unique data sources (f. ex. regional segment/brick level data or the OneKey Pool) and requirements such as mobile (efficient use the waiting time) and offline use in the hospital.

A pharma CRM system should not only fulfill the company-specific requirements but be able to handle general pharma requirements out of the box. Mapping these functionalities at the beginning and keeping them up-to-date would require a significant amount of extra work. From the large number of CRM vendors, a small group has emerged that especially focuses on pharma CRM.

---

**Illustration 2**

**Scheme of the parties involved in the prescription process (Standard Rx)**

*Scheme of a Rx prescription*
Best practices

You may be wondering how to successfully implement a project considering all pharma requirements and the success factors mentioned above. In my opinion, a structured procedure is the best way to succeed (see fig. 3).

The key is: strategy first, then the requirements and then the appropriate technology. On this basis, the decision for the right system can be made. Along with change management, the system can then be introduced and operated.

The immediate decision for a specific system (“System XY will solve all our issues.”) or taking the CRM goal (“We will have to take care of key opinion leaders.”) as a decision basis for the system (“We best do that with system XY.”) will fail in most cases because the business reality is not entirely considered and not covered by the system.

Checklist: Here is what the management should know before the implementation

- A CRM system is not a problem-solving tool, but rather a supporting tool.
- There is no perfect solution, but the more functionalities the better it is.
- The management must serve as a role model in using and backing the system.
- There has to be a “business owner”, IT alone cannot operate a CRM system.
- There will be more spending than just license and acquisition cost.
- Each system introduction has high initial costs.

Change management

Beside the CRM strategy, change management should not be neglected. Eventually, it is the users who will have to use the CRM system. This can only be achieved if the following aspects – essential for implementing change – are considered.

Illustration 3

Ideal implementation of a CRM system

Decision for a system

System implementation

Operation and continuous improvement

Project management

Change management

Business transformation

Best practices: CRM introduction
There is no reason not to use the system
The main risk of each CRM introduction are technical problems. When these issues occur while the system is introduced, that will give reluctant or uncertain users a reason to ditch the system (“It doesn’t work!”). Therefore, you have to make sure that the system provides no reasons not to use it.

- Bad data quality (“I can find none of my customers!”)
- Complex access (“First I need to sign in my PC, then in VPN and then in the CRM system. That takes 20 minutes. And if I forget my password, it takes two days to reset it.”)
- Lack of usability (“I don’t understand the system.”)
- Missing processes/functionalities (“I still have to document the sample distribution by hand, so why do I need the CRM system?”)
- Slow system/bad response times (“It takes ages to perform X.”)
- No training (“I have no idea how to do that.”)

But even when all hurdles are removed in the best possible way, no user will start using it right away.

Reasons for using the system: recognized benefits
“Without the users recognizing benefits in the medium term, no CRM system will ever be successful.”

System acceptance is primarily based on understanding why one should use it, i.e. being aware of the benefits the company and the users themselves will have. The benefits for the company have already been discussed (Increase in revenue, cost cutting), the benefits for the users vary to some degree. In most cases, however, the benefits are about saving time on the relevant marketing and sales processes and being provided tools to be more successful with the customers.

Often, users feel that the system is introduced solely as a tool to control the employees and that the users themselves do not benefit from it. This perception is widely spread – especially in the pharmaceutical industry. However, this endeavor would be quite senseless because first, it does not serve the idea of CRM and second, its benefits would be limited to some slight KPI improvements in employee performance. Obviously, this minor enhancement would not be enough considering the high costs of a CRM projects. It is therefore essential to plan the benefit for the organization and its employees, and to actively communicate it from the very beginning. Without the users recognizing benefits in the medium term, no CRM system will ever become a success.

Reasons for using the system: role models
Even when all the hurdles are removed and the benefit is recognized, not all the employees that are supposed to use the system will do so. Therefore, role models that have realized the benefit and show the other employees how much time they can save or how much they can increase their sales performance play an important role.

It is of course helpful if these employees are advocates of the CRM approach – often they are pilot or super users. Alternatively, the management can assume this role and serve as a good example documenting for example all customer contacts in the CRM system und sending no more emails that contain results or follow-up activities.

Example
CRM introduction in the pharmaceutical industry, sales department of 200 employees, more than 10,000 employees in total, > 1 bn € in revenue. CRM use by sales reps was scarce. Sometime, the company’s CEO contacted sales reps that had been never been in direct contact with the CEO before, using incorrect data. This got around quickly and contributed significantly to the acceptance of the system.

Reasons for using the system: pressure
To conclude, I have to mention that there will always be employees that need some kind of pressure to embrace
change. For example, this can be done by linking bonus payments – in the pharmaceutical industry often seen as part of the fixed salary – to using the CRM. However, this should be the ultimate step to make sure unwilling employees make at least a small contribution.

Every CRM project can be a success

From my experience, every CRM can be a success if you don’t focus too much on technology but consider all aspects including the question what you want to achieve with the system and how to motivate your employees.

Checklist: Aspects of a CRM system introduction that are often forgotten

- Good data quality is a necessary prerequisite. Therefore, plan resources for initial and ongoing data maintenance and a data quality concept
- Plan resources for support and training
- Plan time for testing and establishing the system
- Define CRM KPIs before the project start, measure and adjust (if necessary) them on a regular basis
- Define unambiguous project milestones and avoid delays

Your Contact
Gregor Börner
Principal Consultant
ec4u expert consulting ag
Zur Gießerei 19-27B
76227 Karlsruhe (Germany)
E-mail: gregor.boerner@ec4u.com