Veeva Business Consulting

THOUGHT STARTER SERIES

Addressing the Key Account Management Conundrum – Is Your Sales Model Ready to Shift to KAM?

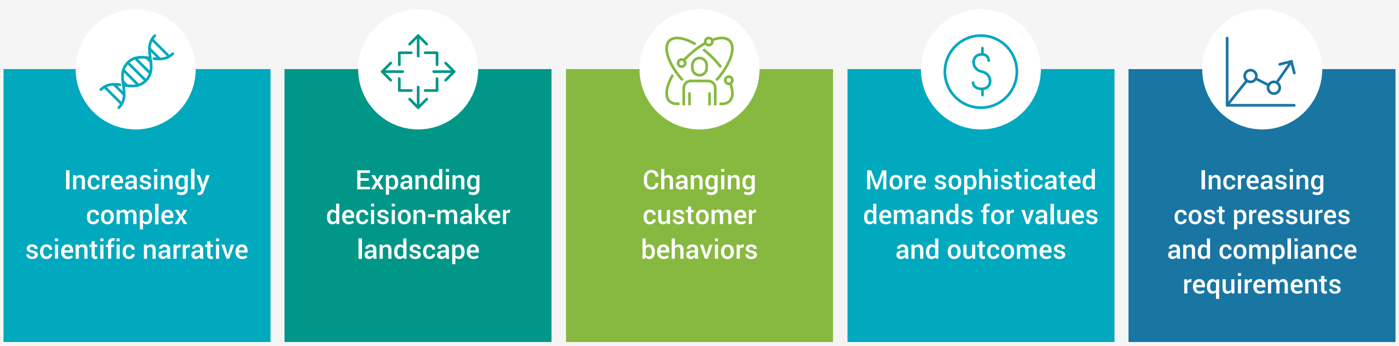
1 The essential role of KAM in commercializing high-value drugs

In the past, pharma companies mostly focused on developing blockbuster drugs for large groups of patients in primary care settings. But in recent years, there has been a significant increase in investment into new specialty therapies to treat complicated diseases, where patient treatment is typically initiated in a hospital setting and managed by specialty physicians.

In 2021, eight of the top 10 drugs (excluding COVID-19 vaccines) were specialty drugs;[1] 20 years ago, the best-selling drugs were all in primary care.[2] These newer launches are typically high-value drugs that require a more complex (and coordinated) go-to-market model compared to primary care. Key trends are driving new demands beyond the traditional go-to-market model **[Figure 1]**.

For many companies, winning in a few key accounts in the most important markets for high-value hospital drugs can significantly impact regional (or even global) sales forecasts. The pharma sector needs to develop Key Account Management (KAM) as a strategic capability, requiring a change to its go-to-market (or sales) model to one where cross-functional account teams engage in sync with multiple decision-makers at the sub-national level.

FIGURE 1: INDUSTRY TRENDS IMPACTING GO-TO-MARKET MODELS



[1] https://www.fiercepharma.com/special-reports/top-20-drugs-worldwide-sales-2021
[2] https://pharmaphorum.com/views-and-analysis/redefining_the_blockbuster_model_why_the_1_billion_entry_point_is_no_longer_sufficient_-_part_1

In most European markets, national payers play a key role during pricing and access negotiations. Budget holders and decision-makers – who tend to be most impacted by high-value drug launches – are usually found at the sub-national (regional, local, and hospital) levels.

Operating successfully in this complex environment, with varied stakeholders encompassing payers, key opinion leaders (KOLs), and other decision-makers, demands a different approach where companies move beyond the traditional sales rep and prescriber relationship. Greater coordination across teams, a revamped value proposition centered around shared value creation, new delivery roles, and focused account investment strategies are essential.

The requirements of a cross-functional KAM commercialization model are not always straightforward, requiring a differentiated value proposition and tailored engagement strategy toward top accounts. Field commercial teams need to establish strong KAM capabilities to:

- Minimize time before patients gain access to drugs and/or treatments
- Optimize net price negotiations to achieve listing on the hospital formulary
- Maximize account penetration and market share to their full potential

2 The blockers to KAM excellence

Key account management capabilities are often developed and executed by field teams, focusing on the tactical aspects of account sales. Several issues can prevent companies from meeting their objectives. Answering 'yes' to any of the following questions indicates your organization has not optimized its KAM strategy:

1. Do your customer-facing teams tend to work in silos and are not always coordinated?
2. Are your account teams working with disconnected and different planning and reporting tools and templates (and most of these are 'offline', for example, in PowerPoint or Excel)?
3. Is it complex and time-consuming to extract account data to analyze and report performance and comparable metrics?

To understand to what extent companies are focused on establishing strategic KAM capabilities at the company level, we analyzed a combination of Veeva Pulse and CRM data in EU5 markets (France, Germany, Italy, Spain, and the U.K.), focusing on the top 50 most active companies, based on number of account plans. The results show that:

- Across companies and markets, there were over 16,000 live account plans at the end of 2022. Most of these companies generated all their account plans in just one or two markets
- As there is no company-wide approach to engaging with key accounts, affiliates decide KAM independently in terms of processes, tools, and governance
- A lack of common understanding, or approach to key account management, can increase certain risks, such as cross-functional misalignment when engaging with all relevant decision-makers; failing to leverage all account insights gathered by different team members; failing to share access to key healthcare professionals (HCPs); and, finally, relying on anecdotal and 'unstructured insights'

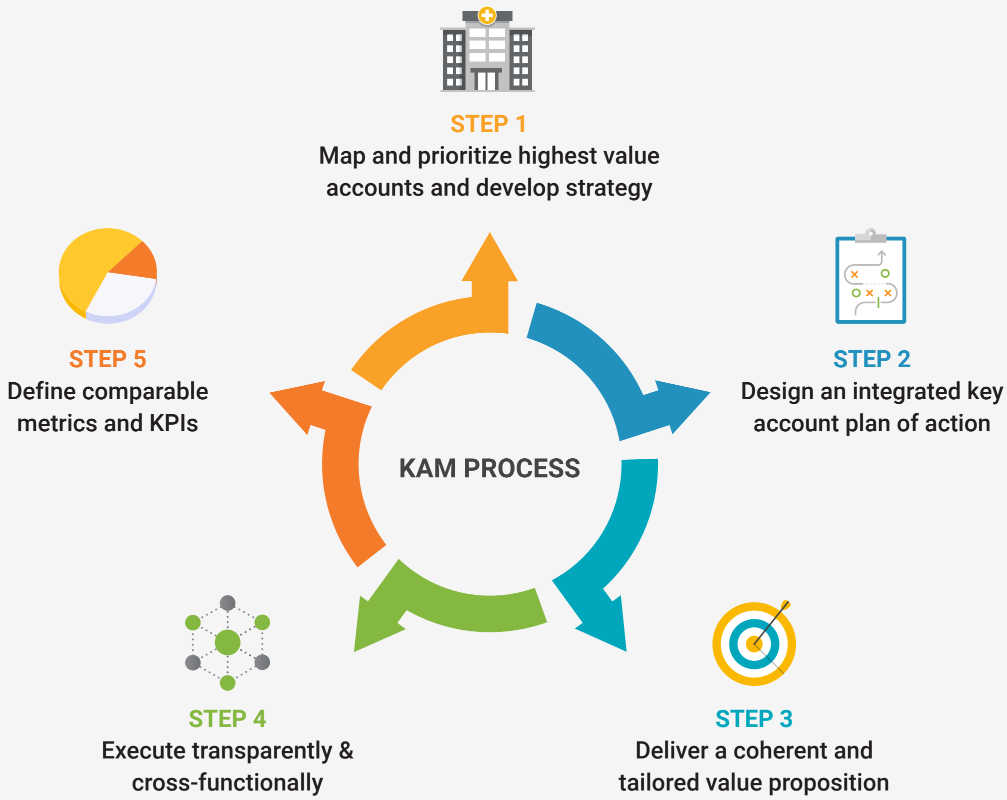
A best-in-class KAM approach is usually found in companies where account teams operate in sync, leveraging a common structure and processes, which ultimately enables a better experience for HCPs. In this scenario, a cross-functional team leverages the full team's understanding and relationships in the account to gain and maintain access, and seamlessly shares 'structured insights' in and out of the account team.

For most companies, there is significant room for improvement. While KAM capabilities (such as common processes, planning, reporting tools, etc.) may be established in some teams, they are often not strategic company capabilities across affiliates and functions.

3 Five steps to achieving KAM excellence

A structured and transparent process to drive account planning, execution, reporting, and account plan updates, can help better align field and office roles to drive commercial excellence. The five-step process **[Figure 2]** is the foundation of best-in-class KAM and delivers impactful and successful account engagement.

FIGURE 2: FIVE KEY STEPS TO OPTIMIZE KAM PROCESSES



1. **Prioritization and strategy development:** Support your teams with a clear approach and methodology for segmenting and understanding accounts. The approach needs to ensure optimal resource allocation against high-priority accounts, typically defined by their sales potential, level of influence, and level of product adoption.

   Other decision-making criteria (e.g., economic or clinical drivers) may also be relevant to the definition of account archetypes, helping to determine the most appropriate strategy. Once you have identified priority accounts, build up a detailed understanding of the key stakeholders, decision-makers, and influencers for each account and its needs, preferences, and relationships with each other. Don't fall into the trap of having too many key accounts, which forces a one-size-fits-all approach.

2. **Integrated account plan of action:** The most effective account plans aim to deliver shared value, and account objectives should lead toward this principle. Plans should ideally not be developed in isolation but instead as a result of cocreation, through a joint business plan aligned around common 'win-win' objectives with the customer. Once you have agreed on joint objectives and a SWOT, teams can start planning the necessary activities for the account and its stakeholders to

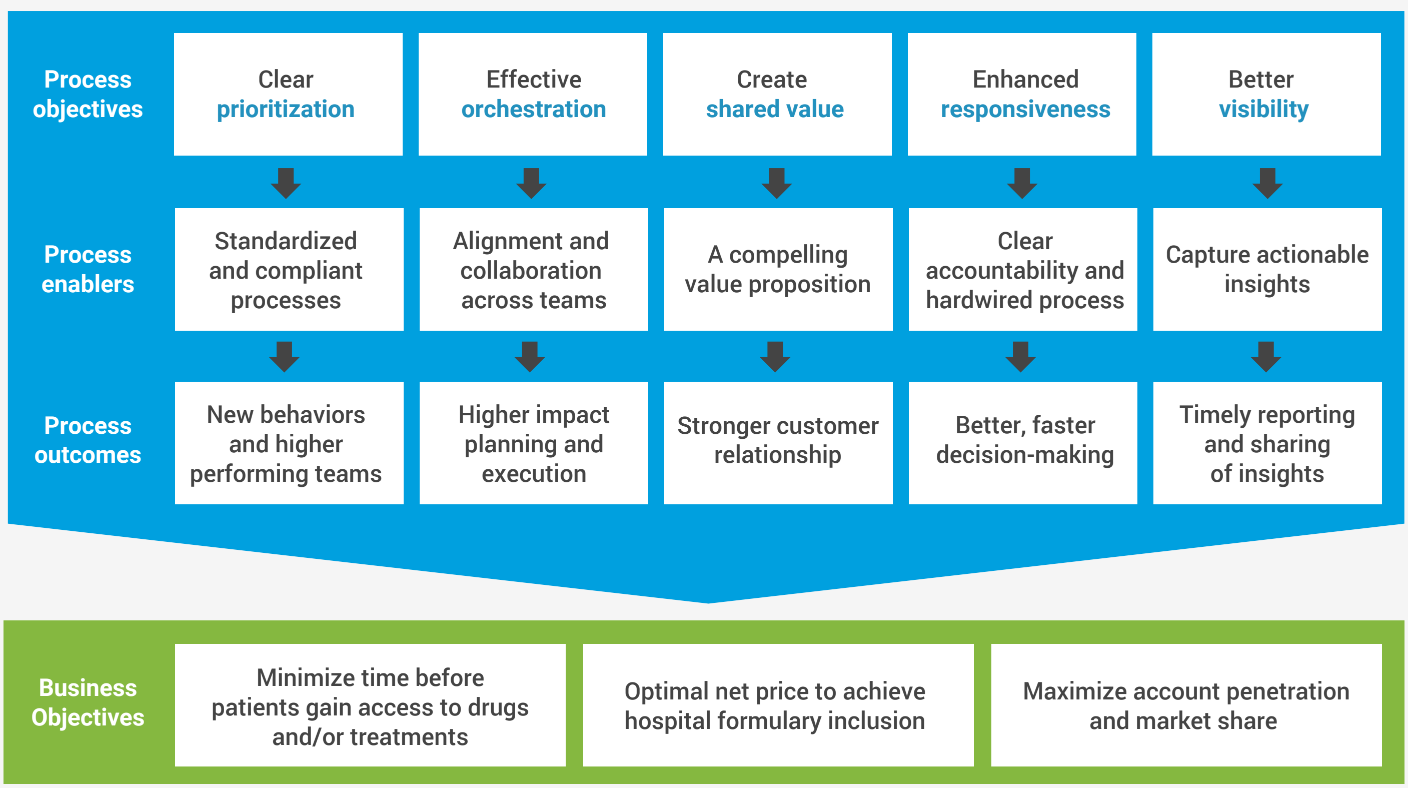
achieve the desired portfolio or brand positioning and strategy execution. Continuously align the execution and communication plan so it is clear who is targeting which stakeholder when, and on what topic. By ensuring the KAM team is individually aligned to this sequence, you can progress toward the agreed objective.

3. **Coherent and tailored value proposition:** Align promotional content, the value proposition and story, and medical communication to the overall brand strategy. This requires coherence when communicating the value and benefits of a given drug to the different account stakeholders (e.g., KOLs, HCPs, prescribers, budget holders, pharmacists, finance, etc.) Inconsistent stakeholder communication raises the risks of brand misperception and could damage trust. This is especially true when companies have multiple brands within the same therapy area.

4. **Transparency and cross-functional working:** Ensure accountability is anchored to an account lead who organizes regular team meetings to review and discuss account progress and share account insights. This is usually enabled by an easy-to-use KAM module available within CRM, where each team member can update the progress of pre-determined activities. This module improves visibility across team members' progress in a compliant way, helping ensure account plans are dynamic and team responsiveness is high.

5. **Comparable metrics and KPIs:** If KPIs are correctly defined, field teams can report on completed activities and update the account plan in CRM, making reporting seamless. By harmonizing KPIs *across sales regions*, *markets*, and *brands*, companies can compare and assess account performance to determine quickly how well each account team is performing. Companies with seamless access to data and KPIs can continuously capture valuable insights and intelligence, so teams are more responsive to account developments.

FIGURE 3: FIVE STEPS THAT LEAD TO BETTER OUTCOMES:



4 How to get started and drive successful KAM change

There are good reasons to implement an integrated and cross-functional KAM model. Potential benefits for pharma companies include improved patient access to drugs and treatments; securing hospital formulary inclusion at optimal net prices; increased account penetration; higher market share; and becoming strategic partners to your most important customers.

The success of any KAM framework is determined by effective change management and attention to user adoption and behaviors. Teams need to focus on seven critical success factors as part of the change **[Figure 4]**.

FIGURE 4: CRITICAL SUCCESS FACTORS

Step 7
MEASURE PROGRESS
Measure adoption, execution, and outcomes to drive positive feedback loops and highlight areas that still need to be optimized

Step 6
BUILD CAPACITY
Ensure end-users are well trained on the KAM process and the use of the CRM module; provide sufficient support when you go live

Step 5
USER EXPERIENCE
Focus on end-user experience when transitioning to the KAM module in your CRM

Step 4
SIMPLIFICATION
Avoid overcomplicating the process. Design a simple and harmonized account process that enhances the chance of effective execution

Step 3
DRIVE THE CHANGE
Define a clear change management strategy and journeys, tailored to different roles. Be clear on the 'What's in it for me?' for each team to maximize user adoption

Step 2
OWNERSHIP
Ensure buy-in and ownership from all involved functions. Drive this from the top down, as well as bottom up, through change champions and account teams that can be used as examples of excellence

Step 1
VISION
Develop a compelling vision and shared understanding of your KAM strategy. Anchor your change journey around this, never forgetting the 'why'

The concept of KAM is not new, but company execution remains ad hoc at best and ineffective at worst. Achieving true KAM excellence requires a strong foundation spanning the necessary people, processes, technology, data, and governance. The same is true of any good account plan. By embedding collaboration and new ways of working, you could help unlock disproportionate growth in your top accounts.

How to get started:

- Carry out a KAM health check to assess the current state of KAM excellence in your organization
- Develop a clear roadmap to KAM excellence, outlining what it means practically for your whole organization, to build the case for change
- Align the whole organization around one common KAM framework to drive consistency and a common language, and define the gold standard for KAM in your organization
- Use the framework to identify best practices across key accounts and deliver quick wins by rapidly sharing and scaling, creating a KAM excellence toolkit

Author

Aaron Bean
Vice President,
Veeva Business Consulting - Europe
aaron.bean@veeva.com

About Veeva Business Consulting

Veeva Business Consulting combines commercial, market access, and medical expertise with Veeva's proprietary data and technology to deliver better business-focused solutions for our customers. Our team of experts offers a suite of advisory offerings, including launch readiness, digital acceleration, and content optimization, all supported through unique HCP insights and analytics.

To learn more, visit: veeva.com/eu/business-consulting.