

End-to-End

Integrated Contract
Lifecycle and Revenue
Management Adds Up
to Greater Sales and
Market Share

Vistex[®]

Now it all
adds up[®]





Vistex offers a complete, **innovative contract lifecycle and revenue management solution** for the Life Sciences industry.

INTRODUCTION

Vistex solutions can be fully integrated into any ERP, so your business can leverage a consistent technological base that minimizes operating costs. This allows you to manage your business with greater insight into your revenue management programs.

Vistex solutions remove informational barriers and bottlenecks created by point solutions, empowering you to profitably manage the diverse and dynamic contracts, pricing, chargeback, and rebate requirements of your business.

In this eBook, you can expect to learn the key steps in the Life Sciences contract lifecycle and revenue management process, including:

- **Gain greater sales and market share** by developing contract strategies that harmonize pricing guidelines, company policies, and contract terms
- **Capture business intelligence** with improved visibility by reaching across operational or tactical solutions quickly and efficiently
- **Reduce overpayments and duplicate claims** with improved audit and control functionality
- **Improve compliance with government regulations** and commercial pricing programs with robust auditing tools
- **Increase productivity** by automating complex, labor-intensive processes related to contract management
- **Eliminate excessive payments** and streamline contract management processes
- **Enhance group and customer relationships**, improve compliance, and reduce risk

Automate Processes, Reduce Overpayments, Improve Productivity, Maintain Compliance

As the Life Sciences industry becomes increasingly competitive, companies need to manage costs more aggressively and drive customer performance by adhering to ever-changing government regulations. As organizations seek to increase market share, protect revenue, and ensure profitable growth, companies must respond quickly to ever-changing market demands with well-defined goals and business processes. This is especially true in the areas of sales contract development and pricing, where management of multifaceted membership relationships and performance-based rebates is vital.

Contract sales in a pharmaceutical company typically represent more than 70% of total sales, and often as much as 90%. Contractual obligations, such as incentive rebates and chargebacks, can represent 10% or more of total sales. But without the visibility into the performance of these programs, a small variance in chargebacks or rebates can result in huge overpayments—or significant savings, if avoided. For example, an organization with a fully integrated solution in place, with a 2% overpayment variance and an annual contract exposure of USD \$100 million, can potentially realize a savings of \$2 million. In today's market, it is essential to address contract management, as well as downstream contracting processes, such as chargeback claims administration and rebates management.

Vistex solutions offer the level of end-to-end contract management required by highly competitive companies in the Life Sciences industry. The key to an effective revenue management application is to have the analytics your organization needs to aid in the pricing and decision-making process. The ability to view your data in graphic or tabular formats, across multiple dimensions (product or product group, customer or customer group or sale area), and across multiple time periods, is critical in helping define your programs. Proformas need to be created based on defined strategies to help track and determine program effectiveness, and for accruals to be accurately managed. With margins under increasing pressure, Vistex solutions offer a true gross-to-net view of the impact of your pricing policies, providing

the insights necessary to adjust to market shifts, and the analytics your organization needs.

Many Life Sciences companies must also meet stringent government reporting requirements and rebate processing obligations. Your revenue management solution should help you meet your obligations with minimal effort and risk, avert potential fines for inaccurate or late reporting, and ensure your rebate payments are accurate and timely to minimize potential additional interest payments. Vistex solutions help confirm your total government reporting and ensure rebate processing needs are met by being completely integrated to any ERP, enhancing business performance, and lowering your total cost of ownership.

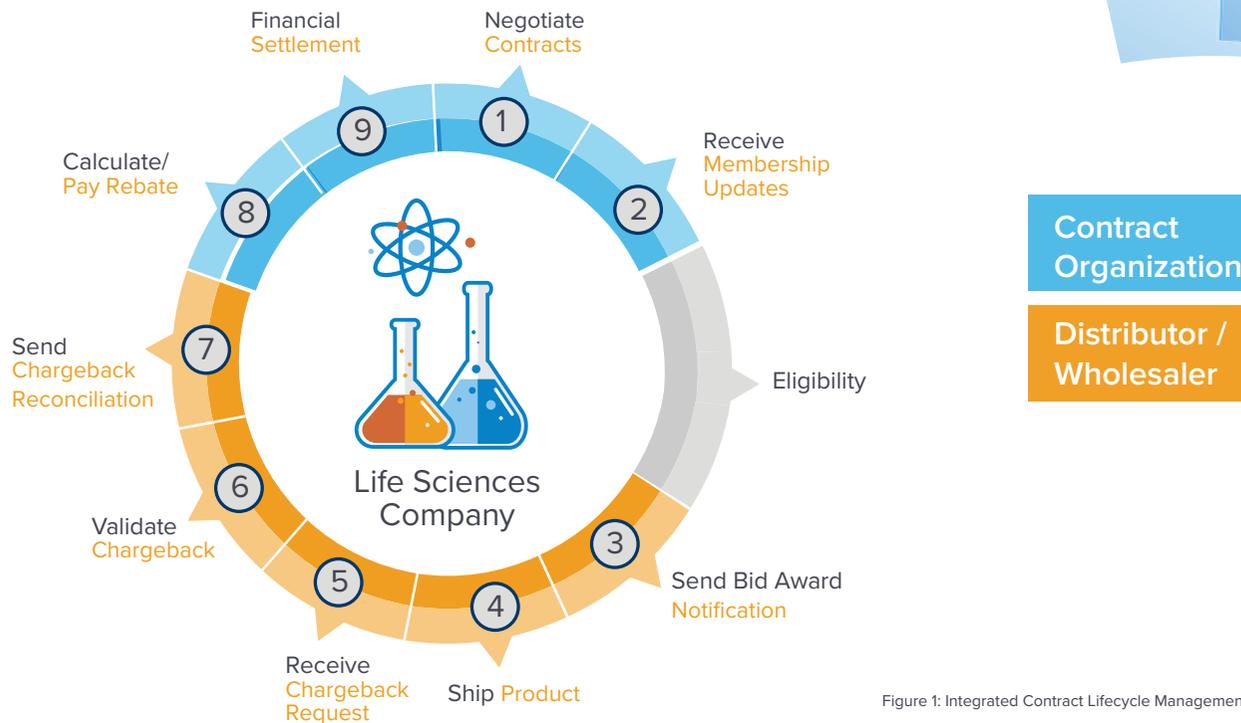


Figure 1: Integrated Contract Lifecycle Management

Vistex solutions can also effectively and accurately manage your government contracts with automated integration for government reporting, while providing customer tracking to safeguard you from violating Veterans Affairs (VA) strict contracting rules.

A World-Class, Sell-Side Solution

Through all phases of the contract lifecycle—including contract negotiation, chargeback management, rebate calculation, and financial settlement—Vistex solutions provide the integrated, sell-side contract management solution that Life Sciences companies require.

By taking advantage of Vistex solutions, you can transform your company’s contract management infrastructure from a disconnected quagmire of complex,

disparate applications into a comprehensive and fully integrated solution that closes the loop on end-to-end processes. By enabling seamless access to any ERP master data, pricing, and financials, you achieve a level of integration and flexibility that is not possible with point solutions (see Figure 1).

Manage all types of rebates—from simple volume to market share or growth measurements, and elaborate, matrix-style conditions, including the use of external market data.

Solution Capabilities:

- **Contract development and management**
Supports complex, high-volume contract administration
- **Group membership management**
Manages complex business relationships between contract organizations and affiliated clients
- **Chargebacks**
Validate claims quickly with tight integration with contract, membership, and pricing data
- **Performance rebates**
Collect sales and marketshare data automatically, calculate compliance levels, process payments quickly and accurately
- **Sales tracking**
Captures indirect sales data from wholesalers and distributors
- **State and Federal Medicaid / Medicare claims processing**
Accurately process and dispute state and federal claims in a timely manner
- **Government price and transaction reporting**
Determines accurate government prices and reports necessary data
- **Analytics**
Provides a full view of your business profitability and manages accurate accruals with centralized data

Contract Development and Administration

Using rules-based concepts in conjunction with standard pricing techniques, Vistex solutions simplify the process for developing and managing contracts. The solution enables rules to be defined to filter member eligibility on contracts, along with supported pricing programs and performance rebate types. Standard contract templates are available to make contract development efficient, fast, and easy.

Vistex solutions handle all your contract pricing needs from simple, single, fixed pricing to tiered pricing with commitments and special off-invoice deal pricing. The software can also manage unique contract pricing needs for specific industry segments, such as equipment and diagnostic-based contracting, including leasing contracts. Vistex can also help you align your business with your customer by providing reimbursement pricing models such as procedure, test, or even based on qualitative data, such as customer service and support, treatment outcomes, or patient value. Additionally,

Vistex solutions provide you with the ability to manage all types of rebates—from simple volume to market share, or growth measurements to elaborate matrix-style conditions, including the use of external market data.

As an illustration, Vistex solutions allow you to use online contract validation to check for price floor violations and route authorization requests to the appropriate department. You can also capture data for contract analysis, provide enterprise pricing capabilities, and communicate in various formats, including a standardized link to electronic data interchange (EDI) transactions for outbound bid-award notifications. Vistex solutions can utilize industry standard identifiers such as Global Location Number (GLN), Health Industry Number (HIN), Drug Enforcement Agency (DEA) IDs, Global Trade Item Number (GTIN), or Universal Product Code (UPC) to ensure your customer communications are clearly understood.

Vistex solutions automatically determine contract or member eligibility, updating contracts without manual intervention

Group Membership

With the group membership feature, your business can manage complex relationships between contract organizations, integrated delivery networks, and affiliated clients and plans. Vistex solutions maintain an exact copy of your customer's membership list and automatically matches it to your customer database, using internal and external cross-references. Data collected from your customer's files, third-party data providers, or EDI transactions are loaded through applications that are integrated with customer master data. Because you establish filters, policies, and participation rules to control contract participation, Vistex solutions automatically determine contract or member eligibility, updating contracts without manual intervention.

Chargebacks

With heightened competition, manufacturers and suppliers typically offer special pricing to customers—pricing that is often below the distributor's acquisition cost. The distributor recoups the difference between the acquisition cost and the negotiated sales price by submitting chargeback claims to the manufacturer and requesting reimbursement. Combined with any ERP, Vistex solutions integrate contract, membership, and pricing data so you can quickly analyze and validate claims. In addition, intelligent error tolerances, thresholds, and duplicate checks help you enforce evolving company policies. Automated error-correction functionality uses powerful suggestion logic to help validate claims quickly, reducing manual intervention and speeding up the chargeback process. And with EDI communications, you can easily reconcile documents with

wholesalers and distributors. The solution loads and processes chargeback claims and customer sales data using standardized EDI chargeback claim requests. It also handles outbound chargeback reconciliations. Moreover, all financial postings originating from Vistex are traceable to their source documents, and every journal entry can be easily explained in full compliance with Sarbanes-Oxley regulations.

Channel Inventory Tracking

Revenue leakage is not limited to incorrect contract pricing. It can also arise from inaccurate basis prices used in determining chargeback claim amounts. Vistex solutions can track a manufacturer's sales into each distribution channel. The record of the products, quantities, and wholesale acquisition prices is available to validate basis prices in wholesaler chargeback claims. Processing chargeback claims automatically depletes each wholesaler's inventory on record.

Sales Tracking

The sales-tracking feature within Vistex solutions extends chargeback functionality to capture indirect sales data from wholesalers and distributors. This is one of the most effective ways for you to gain market intelligence and monitor end-customer buying patterns. Full integration with your ERP allows you to use indirect sales ("sell-through") data in your performance-based incentive programs. These programs might include sales commissions, sales bonuses, sales rebates, or service fees paid out to channel partners and contract organizations.



IMPROVE VISIBILITY

into chargebacks and
incentive payment
processes



AUTOMATE

entire contract
lifecycle



ESTABLISH

audit trail for contract
lifecycle and revenue
management



Vistex Solutions
AT A GLANCE

ELIMINATE

excessive
payments



STREAMLINE

contract
management
processes



ENHANCE

your group
and customer
relationship



Life Sciences companies cannot ignore the need for compliance to ever-changing government regulations.

Serialization

The ability to capture the full channel info—from the original sale through the distribution channel to the customer—provides all the information you need to meet your serialization process.

Performance Rebates and Service Fees

The performance rebate functionality of Vistex solutions eliminates manual processes and the errors that result. The defined structures collect sales and market share data automatically, and can be configured to calculate compliance levels to turn payments around quickly and accurately. This high-performance, scalable technology can handle large volumes and complex calculations in real time and with scheduled background tasks. It also enables you to calculate sales or market share rebates and payment distributions—and to flexibly adjust payments in response.

Service fees (also referred to as administrative fees) are paid out to wholesalers and distributors, as well as to contract organizations, such as customer buying groups and group purchasing organizations. These fees are increasingly becoming an important component of the manufacturer's overall contract management challenge. These are a special form of performance-based incentive that may have to be calculated, accrued, and settled by the

manufacturer, in addition to routine processing of rebates and chargeback claims.

Validation and analysis tools ensure data integrity. You can track competitive data and calculate product level, contract, aggregate, and incremental performance against national averages. The solution stores valuable sales and market share data that can be easily mined for reporting and business intelligence. You can replace manual processes with electronic data collection, and automatic sales and rebate calculation for faster payments. You can also take advantage of flexible individual recalculation options and user-defined financial settlement calendars.

All of these performance rebates and fees can be easily managed and tracked to ensure compliance through comprehensive tracking screens. These screens allow users to easily view and track complex rebate plans to determine if performance criteria are being met and all relevant transactional data has been captured. The combination of a powerful rules-and-formulae-based engine to define and calculate rebates, coupled with real-time monitoring, ensures you minimize revenue leakage.



TRACKING SCREEN

Equipment Rental January 01, 2017 - November 30, 2018

Customer: Merck Health | Contract: 00123456 | Annual Qty: 100,000 | Unit Price: \$100.00 | Total Value: \$10,000,000 | Status: 33 | % of Total: 60 | Actual Sales to Contract Date: \$2,000,000

Product	Product Type	Quantity	Contract Price	Estimated Price	Commitment Price	Actual Sales	Difference	Contract
Diagnostic System	Equipment	1,000	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00	
Diagnostic Service (SOP #123)	Service	10,000	\$200.00	\$2,000.00	\$2,000.00	\$2,000.00	\$0.00	

Product	Product Type	Am. Commitment	Commitment ID	Quantity	Sales	Add'l Sales
Diagnostic System (SOP #123)	Equipment	\$10,000.00	10000000	1,000	\$10,000.00	\$0.00
Diagnostic Service (SOP #123)	Service	\$2,000.00	10000000	10,000	\$2,000.00	\$0.00
Diagnostic System (SOP #123)	Equipment	\$10,000.00	10000000	1,000	\$10,000.00	\$0.00
Diagnostic Service (SOP #123)	Service	\$2,000.00	10000000	10,000	\$2,000.00	\$0.00

Vistex solutions are an integral part any ERP offering for Life Sciences companies that contract and provide price reporting to government agencies.

Government Pricing

The significant sales opportunity of the government as a customer in the healthcare market is difficult to ignore. As our population continues to age, the government will become the largest purchaser of healthcare products and services. Vistex solutions provide the necessary tools to meet the specific needs associated with government contracting.

Life Sciences companies cannot ignore compliance to ever-changing government regulations. The industry must have a flexible-yet-compliant set of tools to adapt. Vistex solutions are an integral part any ERP offering for Life Sciences companies that contract and provide price reporting to government agencies.

Government contracting tools:

- Grant full transparency to transactional data and calculation provides a highly auditable process
- Validate commercial pricing against compliance limits before executing offer
- Integrate access to contract price and transactional data
- Assist in deriving and managing government contract prices

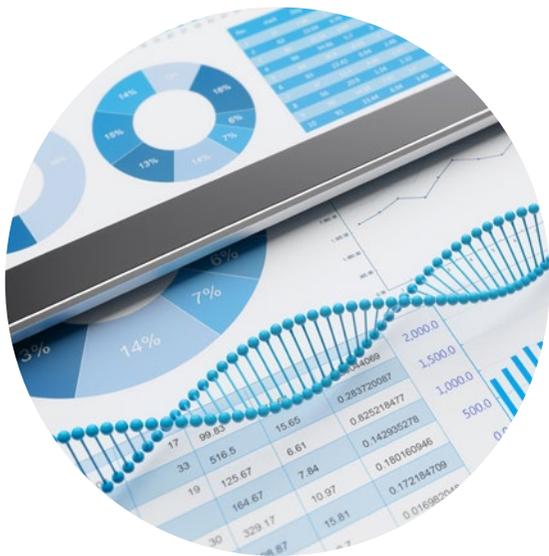
Government pricing / reporting tools:

- Filter transactional data via user-generated policies through formulaic entry (users can adapt policies and manage changes in regulations)
- Grant visible results that are traceable to pre-approval transactions
- Provide trial-revised policies before implementing
- Report prices to government; prices are available for use in contract and rebate processes (360° of integration)
- Aggregate transactional data and report to state and federal agencies as required

State & Federal Medicaid / Medicare Programs

Vistex Solutions support claims processing and reporting for state Medicaid claims:

- URA calculation
- Medicaid claims, SPAP, ADAP, JCODE, Managed Medicaid, etc.
- Reporting (ROSI, PQAS)
- Medicare Part D coverage gap rebate
- Department of Defense TRICARE rebates
- State Aggregate Spend Reporting



IN CONCLUSION

Vistex offers end-to-end solutions for all aspects of contract and revenue management. With integrated government price calculations, federal and state claims processing capabilities, sell-side contract management, analytics and more, the solution set provides a clear view of profitability into the most complex programs.

Vistex Adds Value to Life Sciences

Today's Life Sciences market is impacted by scrutiny over rising costs, tighter innovation funding, proving therapy and product value, and complying with shifting regulatory mandates. Vistex helps Life Sciences companies manage the complexities of pricing, commissions, chargebacks, rebates, royalties, contract authoring, loyalty programs, and regulatory compliance. Vistex provides value to Life Sciences through revenue management, utilizing real-world evidence and outcomes by dismantling silos, validating and exploiting data, and identifying the most profitable plans for satisfying stakeholders.

About Vistex®

Vistex solutions help businesses take control of their mission-critical processes. With a multitude of programs covering pricing, trade, royalties and incentives, it can be complicated to see where all the money is flowing, let alone how much difference it makes to the topline and the bottomline. With Vistex, business stakeholders can see the numbers, see what really works, and see what to do next – so they can make sure every dollar spent or earned is really driving growth, and not just additional costs. The world's leading enterprises across a spectrum of industries rely on Vistex every day to propel their businesses.

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