Is Your Winning Bid A Real Winner?

6 STEPS TO MAKE SURE

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The Life Sciences marketplace is crowded and competitive. The process of requesting bids has gone global and can include robust inquiries about your entire product portfolio. You need the right set of tools, processes and insight to successfully navigate this new marketplace and ensure you win not only *more* bids, but the *right* bids.

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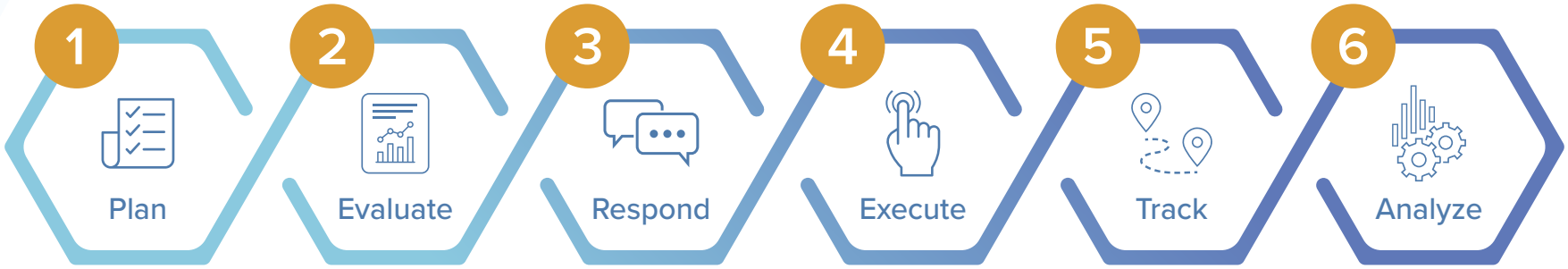
Right is better than more

Picture this...you're a global company, with bids coming in from around the world. Each bid is an opportunity, but also an opportunity cost. Successful bid management requires a proven process for planning, executing and winning profitable bids. But what if you're new to this process and all its nuances? Where do you start? Consider this eBook your primer for planning your course of attack.

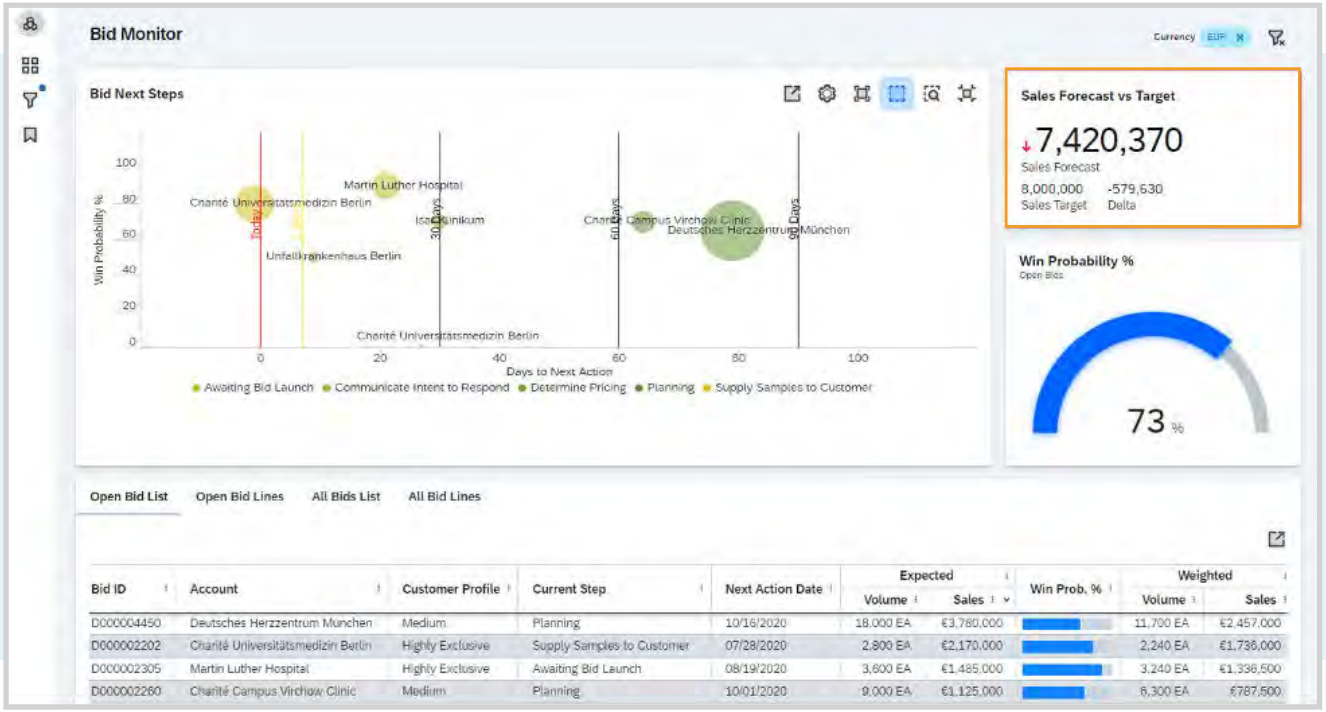
The Life Sciences marketplace is becoming more and more competitive. The process of requesting bids was once limited to specific markets around the globe and larger purchases. Now the process of requiring a bid has gone global and encompasses everything from the request for a price change on a product to a full list of national pricing for your entire portfolio of products. How do you manage this and be as efficient and effective as you can? You need the right set of tools, processes and insight to successfully navigate this new paradigm and ensure you win not only more bids, but the right bids. Let's take a closer look at the process.

There are 6 steps to successful bids and tenders:



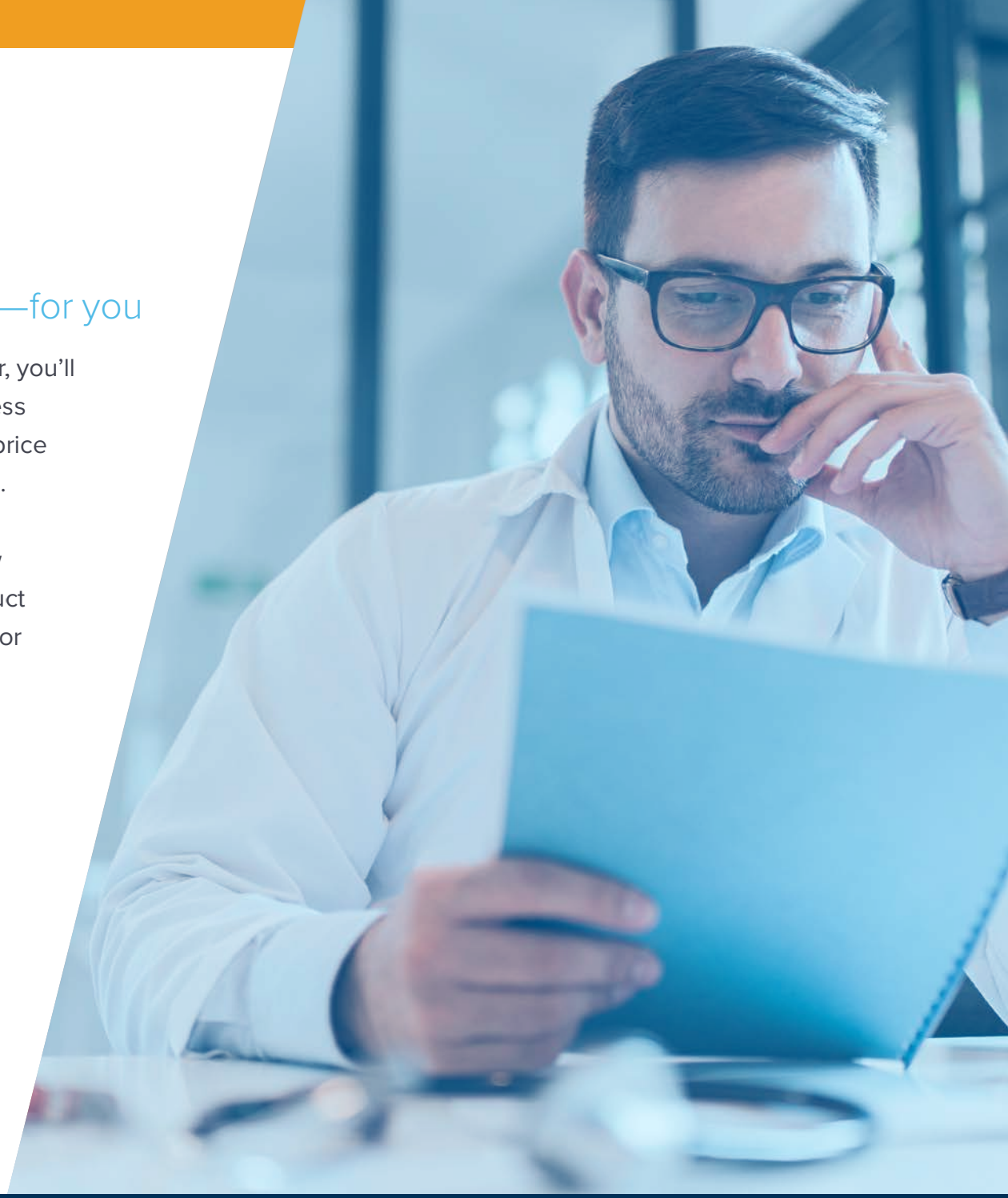
1 | Plan: Get to know what you know

The planning phase is where you develop a full picture of your landscape. This is the time for you to gather all the basic data about your bids, including the customer, product(s), quantity, dates, etc. But you also want to gather as much detail as possible about market share, market control, and your win probability. (Ideally, this will be fueled by data science rather than pure human instinct.) Finally, what historical data do you have about the customers? Do you have an existing relationship? Do you typically win bids with them? Why...and at what price? Be sure to track everything on a bid calendar by stage based on dates. See one example below.



2 | Evaluate: Not all bids are winning bids—for you

Once you understand your bid landscape and your calendar, you'll select the bids to evaluate and respond to. For pricing, assess the various strategies (e.g., discounts vs. rebates), and use price guidance to understand your floor, ceiling, and target prices. Next, you'll evaluate your gross to net, based on pricing, historical data, similar scenarios, and forecast data. To know whether you can do a full or partial bid, you'll need to conduct a supply chain evaluation. Run real-time "what-if" analyses for pricing and forecast scenarios, leveraging data science to determine your optimal bid price. Use internal workflows to ensure price governance is maintained and all internal stakeholders are aligned with the bid proposal.



3 | Respond: RSVP...and capture all the details

After approval of pricing and all financial aspects of the bid, prepare your response and submit to the customer. Your bid package will most likely contain some of the following:

- A bid letter
- Terms and conditions
- Delivery confirmation or schedule
- Product documentation
- Product pricing and any price concessions or performance rebates

Store all of this with the bid for reference and develop an appropriate workflow. Once the customer has reached a decision, capture that information. Did you win? Full or partial? Or did a competitor win? Who was the competitor? What details of their winning response can you gather? All this information will be advantageous in future bid processes.

4 | Execute: You won! Now what?

This is where the bid process intersects with revenue management. The awarded bids are converted to contracts for execution. These contracts are maintained in the system, should changes be required. All the following processes are automated:

Pricing is provided to the order entry, sales, and distribution systems

Sales orders reflect on-invoice discounts, rebates or free goods as defined in the bid

Final product requirements are provided to manufacturing and supply chain management

5 | Track: Was your winning bid really a winner?

In this step, the transactional data is captured to monitor and maintain the executed bid. Sales transactions completed by the customer as part of the bid award are tracked. This is to ensure they purchased what was expected and, in some cases, to ensure they do not oversubscribe to the bid. Sales data is also analyzed to calculate any off-invoice or performance rebates defined in the bid. This helps determine if expected profitability (based on bid financials) is actually being achieved. All this information is stored as part of the bid so it can be used in future cycles of bid planning and evaluation.

6 | Analyze: Analysis without paralysis–actuals count

Last, but not least, is analyze. Well, it's actually not last, because analytics should be enabled and utilized throughout the entire process. In the pre-bid stage, financials and deal profitability are assessed before submission. Analytic tools can determine the bid win probability and optimal bid price. During bid execution, analytics can track actuals to expected and point account executives to bid agreements that need follow-up. Finally, at the end of the contract, you will conduct a final analysis of profitability. See below for an example.

Customer	Industry	Product	Sales Quantity	Gross Sales	Off-Invoice	Invoice Sales	Billback	End User Rebates
Customer 3	Healthcare	Product 23	462 EA	$22,491.10	$0.00	$22,491.10	$11,859.30	$1,317.54
Customer 497	Healthcare	Product 22	5,479 EA	$247,701.00	$15,323.49	$232,377.51	$7,824.81	$868.81
Customer 3	Healthcare	Product 18	194 EA	$8,272.20	$0.00	$8,272.20	$5,024.29	$558.05
Customer 401	Healthcare	Product 13	456 EA	$10,826.30	$0.00	$10,826.30	$2,332.12	$258.84
Customer 497	Healthcare	Product 21	712 EA	$11,560.72	$625.63	$10,935.09	$1,074.92	$119.17
Customer 224	Healthcare	Product 19	20 EA	$585.60	$0.00	$585.60	$596.69	$66.29

How technology can make a difference

As you can see, bid management is a complicated, multi-step process. With the right set of tools, this process will make you more effective in evaluating your bids and their potential. This includes the operational tools to help you manage the process efficiently and the analytics and data science to effectively utilize the entire bid history and market data to respond to the right bid with the right price. Concentrating on the right bids to best meet your strategic goals and then tracking them through their life cycle will lead to greater profitability—now and into the future.

How 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 the author

Bob Steller, Industry Principal, Life Sciences

Bob Steller is an expert in Life Sciences revenue management, operational improvement, and information systems. With 28 years of experience, including 21 years with pharmaceutical companies, Bob leverages his deep knowledge of the industry's unique requirements to help clients streamline financial processes, and boost overall performance.

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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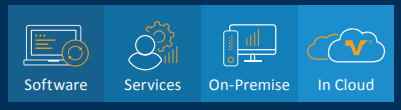

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