Revenue Management Solutions from SAP

Navigating Complex Life Sciences Markets with End-to-End Revenue Management

Optimizing Revenue Streams with SAP® Solutions

THE BEST RUN SAP®

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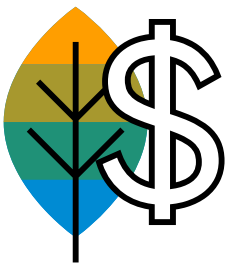
Addressing the Challenges of the Life Sciences Sector

Learn how SAP® solutions can help you succeed in the complex business environment of life sciences by providing comprehensive features for end-to-end revenue management. By automating workflows and integrating processes, see how you can **maintain regulatory compliance, increase productivity, and cut time to market**.

To operate successfully in the life sciences sector, you must address a number of complex issues that impact your go-to-market and pricing strategies. These include:

- **Rapid regulatory change –** Constant changes in legislation require fast and agile compliance management. While the animal health business allows a certain amount of flexibility in terms of go-to-market programs, the human pharmaceuticals business is highly regulated in terms of sample management and discounting. Meanwhile, increasing complexity in contracts and governmental regulations necessitates the introduction of agile analytical solutions for optimizing revenue streams.
- **Introduction of innovative models to address pricing pressures –** To stay ahead in crowded markets, many laboratories introduce innovative contract management models that provide a competitive edge. These include outcome-based contracts, managed entry agreements, and subscription pricing models.
- **International reference pricing –** Used by many countries around the world to benchmark prices to keep drug costs down, international reference pricing (IRP) can dramatically impact product revenue. IRP forces you to globalize contracting and pricing decisions and processes to ensure revenue optimization.
- **Inventory serialization –** Complex distribution networks and regulatory pressure are driving the need for inventory serialization. The need to track sales of individual units means you need full transparency of sales workflows.
- **Differentiated go-to-market strategies –** Ongoing expansion into new markets involves the development of specific go-to-market strategies for each location that take into account local regulatory requirements.

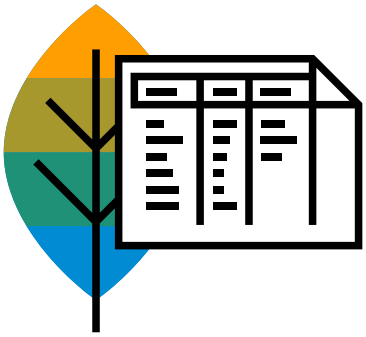


To effectively **manage prices and profit maximization** in complex business environments, pharmaceutical companies must charge the right price at the right time.

SETTING KEY REVENUE MANAGEMENT PRIORITIES

To effectively manage prices and profit maximization in complex business environments, pharmaceutical companies must charge the right price at the right time and give credits and rebates to their customers when needed. To achieve this, you need full transactional visibility and the ability to manage gross-to-net calculations considering the particular requirements of each country. This is achieved by:

- Managing multiple pricing contracts, including complex rebates and managed entry agreements (MEAs), for each channel to improve the relationship between stakeholders
- Automating time-intensive and error-prone processes to reduce overpayments in chargebacks, claim management, and dispute handling
- Supporting effective tender management with simulation and tracking capabilities, enabling price analysis and revenue optimization
- Identifying revenue leakages and improving go-to-market strategies to boost product margins



SAP offers powerful, integrated revenue management solutions that help you manage all your **go-to-market programs**.

Enabling an Integrated Approach to End-to-End Revenue Management

SAP offers powerful, integrated revenue management solutions that help you manage all your go-to-market programs. With support for end-to-end processes, you can improve control of revenue management while establishing a robust framework for meeting all government pricing requirements and country-specific regulations.

Our solutions help you dismantle silos, enabling you to gain deeper, real-world insights. In this way, you can better understand your true gross-to-net position and validate and exploit data to identify the most profitable plans.

From price creation and execution through gross-to-net analysis, our pricing solutions help you manage pricing effectively. Advanced features help you determine true profitability and better align pricing models with sales strategies.

Meanwhile, SAP solutions also help you better manage relationships with partners. You can achieve 360-degree visibility of direct and indirect programs, carry out simulation and margin impact analysis, and enable full traceability and auditability for all channel activities. Furthermore, you can effectively manage membership agreements, chargeback contracts, financial and outcome-based MEAs, and complex sales order promotions.

PROVIDING RICH REVENUE MANAGEMENT SUPPORT

Comprehensive functionality for revenue management processes for life sciences companies includes:

- Pricing management
- Pricing analytics
- Tender management and international reference pricing
- Contract pricing, rebate and chargeback management, and support for administering MEAs and claims workflows
- Membership management
- Government pricing

Establish **one single point of truth** for all price-related records with all information about pricing-related conditions and status stored in SAP ERP or SAP S/4HANA®.

Managing Multiple Pricing Scenarios
Efficiently and Reliably

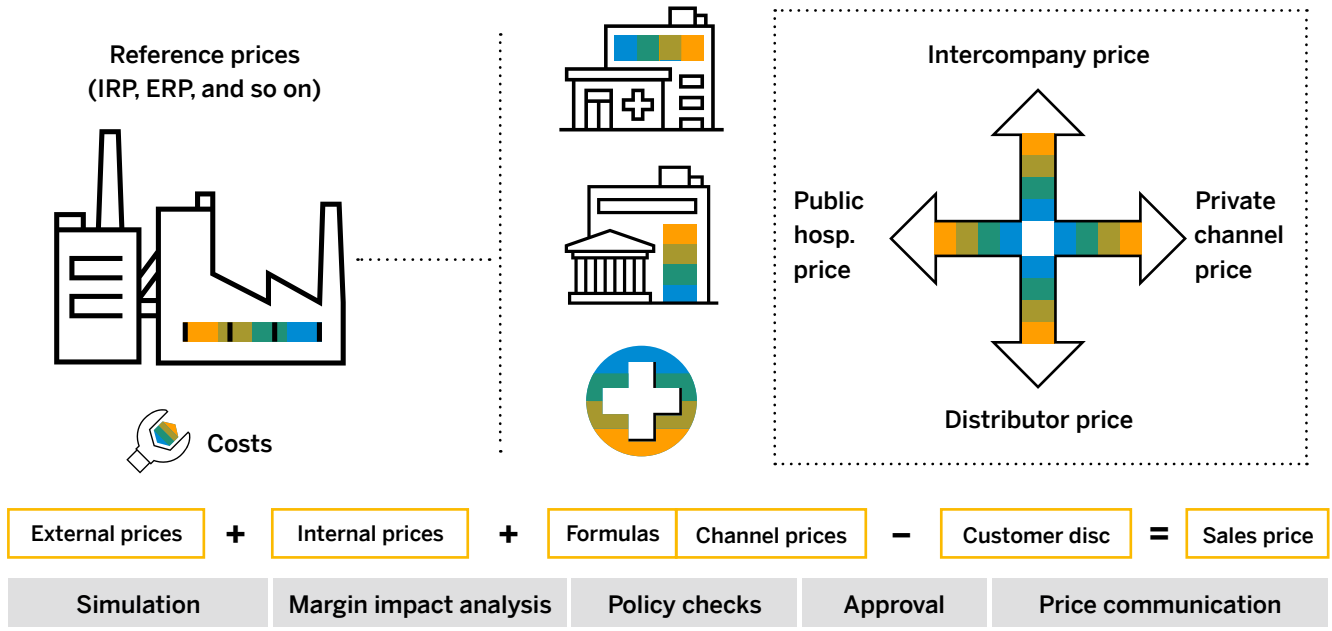


Figure 1: Pricing Scenarios for Life Sciences Companies

With margins under increasing pressure, it is critical to have a true gross-to-net view of the impact of your pricing policies. However, managing multiple, complex pricing scenarios as shown in Figure 1 poses a significant challenge due to:

- Processing of high volumes of records from multiple sources
- Lack of identification of manual errors during pricing updates, resulting from an absence of clear pricing policies
- Price creation being carried out in third-party tools such as Microsoft Excel and uploaded to SAP solutions by custom programs
- Limited visibility during price creation of the impacts of IRP and basket prices on profitability

OFFERING ADVANCED PRICING MANAGEMENT FUNCTIONALITY

Embedded into your existing SAP software, the pricing options for ERP and for SAP S/4HANA® that the SAP Data Maintenance application by Vistex provides have comprehensive capabilities across price maintenance, price execution, price analytics, and reporting. You can:

- Align pricing models with sales strategies
- Support complex price construction and validation based on internal and external information
- Increase control through margin analysis and "what-if" simulations
- Improve pricing efficiency and productivity
- Approve and validate pricing systematically, without duplication
- Establish one single point of truth for all price-related records, with all information about pricing-related conditions and status stored in SAP ERP or SAP S/4HANA

Maintaining Effective Partner Relationships with Contract Management Software

Channel benefit programs involving rebates, financial or outcome-based MEAs, trade agreements, transfers, and government contracts can be complex due to the involvement of multiple different parties, as shown in Figure 2. Furthermore, contracts often require frequent changes to efficiently manage retroactive processing because they do not have a holistic profitability view of the full operation for direct and indirect customers.

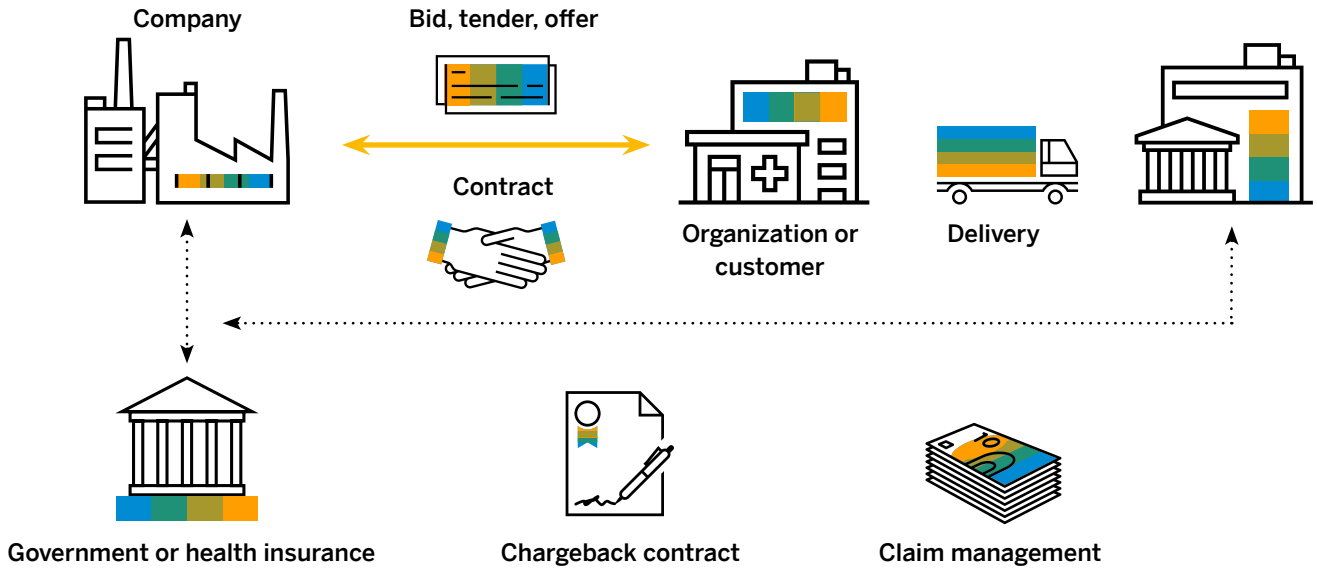


Figure 2: Multiple Parties Involved in Channel Benefit Programs

GAINING VISIBILITY ACROSS PARTNER CONTRACT MANAGEMENT

The SAP Incentive Administration and the SAP Paybacks and Chargebacks applications by Vistex enable you to improve the efficiency and profitability of your go-to-market programs and help you establish consistent and long-term partner relationships. You can also improve control of your financial performance by gaining full visibility across partner contract processes. The applications enable you to:

- Adopt flexible pricing strategies and tailor promotions beyond standard sales order scenarios to meet customer requirements
- Achieve full lifecycle visibility into the most complex contracts, simplifying negotiation processes
- Gain insights through forecasting and profitability modeling
- Automate contract calculation, increasing processing speed
- Reduce overpayment errors, claim processing costs, and delays and prevent overpayment
- Enable automatic validation of external sales information

Benefiting from a Holistic View Across Revenue Management

To successfully manage go-to-market programs and pricing strategies, it is crucial to have an interactive process that includes multiple feedback loops. As shown in Figure 3, these loops help ensure that the results of program decisions are constantly reviewed and used to adjust strategy.

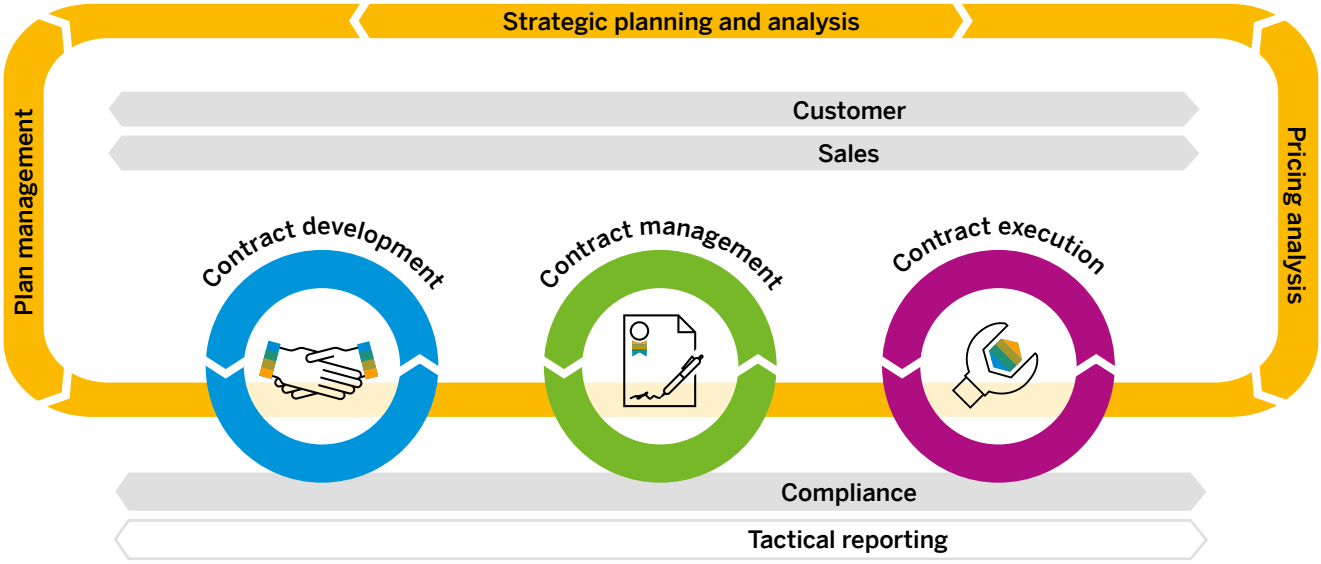


Figure 3: Multiple Feedback Loops in End-to-End Revenue Management

INTEGRATING PROCESSES FOR GREATER SALES AND MARKET SHARE

Embedded in SAP ERP or SAP S/4HANA, the SAP Data Maintenance, SAP Incentive Administration, and SAP Paybacks and Chargebacks applications help you get insights across all your revenue management processes. By enabling a holistic approach to revenue management, they help you make proactive decisions that enable you to increase sales, grow market share, and optimize revenue streams. You can:

- Gain full lifecycle visibility across all revenue management processes
- Obtain true visibility with forecasting and profitability modeling
- Align strategic plans with execution
- Benefit from comprehensive, multilevel analytics that enable you to determine the success of your programs and determine which ones should be changed or renegotiated
- Use one single source of truth
- Increase revenue and maximize ROI
- Benefit from a transparent, auditable, and accurate revenue management process

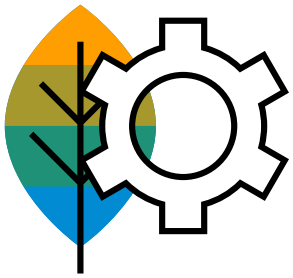
Simplifying Revenue Management Using Embedded Functionality

By using revenue management solutions from Vistex that are embedded in SAP ERP and SAP S/4HANA, you can harmonize your pricing and contract management efforts in a single, centralized solution. With data in one place, you improve visibility across your revenue management processes.

Meanwhile, by removing the need for users to switch between solutions, you significantly improve efficiency and productivity. With a single point of truth, you also eliminate the need to duplicate data entry and improve accuracy by making sure you consider only the most up-to-date pricing or details.

REDUCING IT EFFORT AND COSTS

Using revenue management solutions that are embedded in SAP ERP or SAP S/4HANA eliminates the need for IT staff to spend time maintaining interfaces and access management controls. With a single solution, you eliminate the need to maintain a separate system landscape, and you can reduce the time spent on system administration tasks such as backup or updates. Meanwhile, by sharing a single data source, you also save data storage costs.



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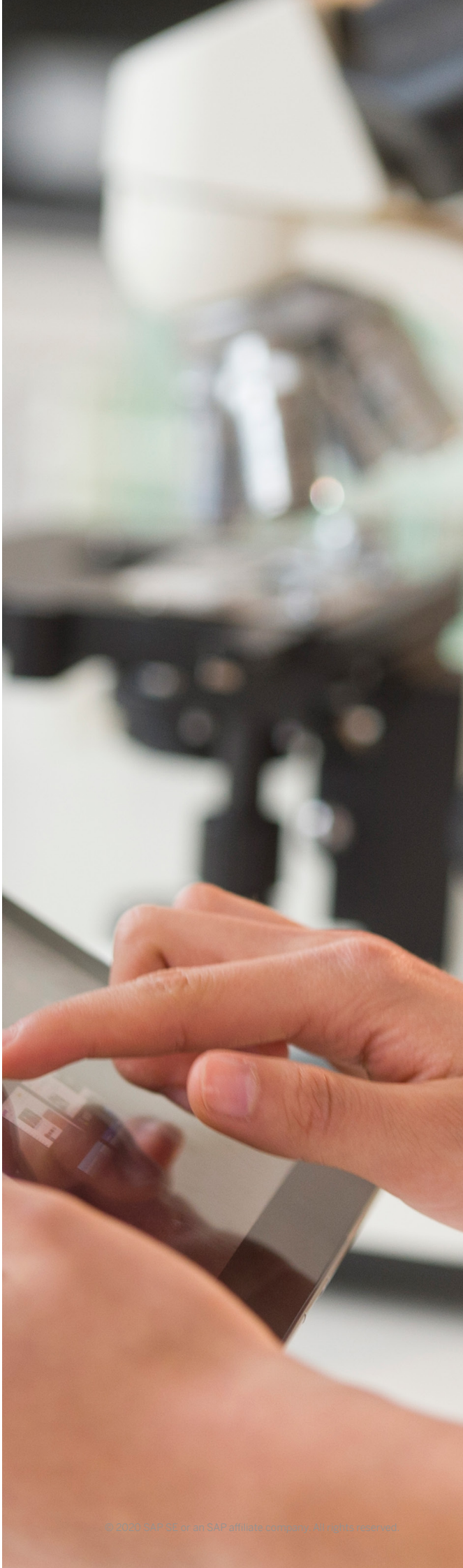
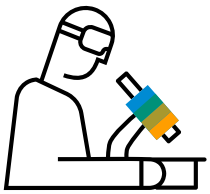


Fulfilling the Needs of Life Sciences Customers Worldwide

With in-depth industry expertise, SAP helps some of the world's largest laboratories and pharmaceutical and biotech companies increase return on revenue while adapting to local regulatory requirements in different countries.

Key successes in the life sciences sector include the following:



90%

Reduction in the chargeback error rate for a life sciences manufacturer.

>US$1 billion

Claims processed by a leading life sciences company using a revenue management solution from SAP.

1.8 million

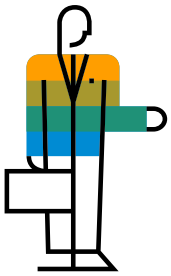
Sales order lines processed using SAP solutions at the world's largest pharmaceutical distributor.

$500 million

In sales dollars that are eligible for deals at a global life sciences distributor handled by SAP solutions.

$78 million

In annual rebate collections handled using SAP solutions at a leading animal health products distributor



Increased transparency and credibility

For sales reps at a leading life sciences distributor, thanks to SAP Incentive Administration

"SAP provides us with **one fully integrated system and one set of data** for both direct and indirect sales channels."

Life Sciences Manufacturer

Learn More

For further information on how end-to-end revenue management can help you grow your profits, visit us online.

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