

Transparency: Turning Business Constraint into Commercial Advantage



The pharmaceutical industry, one of the most crucial in the world in terms of impact on the lives of patients – from relieving pain to conquering disease – is in the midst of significant initiatives to improve transparency and build stronger public trust. To ensure ethical practice in the promotion of new therapies to healthcare professionals (HCPs), governments in the US and now Europe have tightened regulations to ensure that companies foster a culture of compliance and transparency.

The European Federation of Pharmaceutical Industries and Associations (EFPIA) Disclosure Code came into effect in 2015, requiring pharmaceutical companies in 33 European member states to keep records of every speaker fee, travel expense, and sponsorship paid to a healthcare organisation or professional. By 2016, pharmaceutical companies in Europe must publish these records, either on their own websites or through reporting on a centralised database.

At its recent European Commercial Summit, Veeva Systems hosted a panel of pharmaceutical strategists, IT specialists, and compliance experts to share perspectives on the challenges and opportunities that lie ahead as the European pharmaceutical industry prepares to provide full transparency of HCP interactions. There was sweeping consensus that complying with EFPIA disclosure rules would not only help refocus sales and marketing activities, but also restore and strengthen relationships with healthcare stakeholders. However, to do so successfully, companies must first overcome the technical and cultural challenges of full disclosure.

Harmonising Transparency Reporting Across the Continent

Since 2010, the US Physician Payment Sunshine Act has required pharmaceutical companies across the Atlantic to also disclose all payments to HCPs. However, organisations operating in Europe face a much bigger challenge in collecting payment data centrally, and in harmonising and preparing that

data collection for reporting across 33 European countries. Differences in language, local regulation, and even alphabet put new demands on the IT infrastructure supporting data collection and reporting in Europe.

Those companies still operating disparate legacy systems across their European businesses will struggle to streamline payment-tracking processes and deliver accurate reporting of total payments made to HCPs. Storing and reporting cross-border speaking fees, for example, will require interoperability and easy, agile information sharing between local databases to meet regulatory expectations. Increasingly, pharmaceutical organisations are looking to the cloud to store, integrate, and manage all this disparate payment data, and centralising on master data management solutions that enable the capture of large, complex volumes of HCP and HCO expenditure data across multiple source systems and countries.

But integrating payment data for record keeping is just the first step. With 33 sets of transparency rules, reporting software will allow companies to be fully transparent, which, in turn, will help them regain the trust of the public. The need for a central reporting engine that allows regulatory affairs managers to produce and send tailored spend publications to multiple recipients based on local disclosure requirements is critical. Robust integration between a cloud-based master customer database and a central compliance solution allows for seamless exchange of information between the field, corporate home office, and regulatory bodies. This ensures accurate and consistent spend transparency and the opportunity to regain public trust.

Creating Cultural Change

If the changes in the transparency codes are to rebuild public trust in the pharmaceutical industry, companies must first ensure that they are adhering to both the spirit and letter of the law. Francis Geysmans, co-founder at life sciences compliance software provider BMI SYSTEM, believes that these regulations represent a major shift that

is just beginning to take hold in this industry. “Currently, just 25 per cent of companies have grasped the importance of this change.”

As the industry works to build public confidence and get life-saving drugs to market with a rapidly declining window of opportunity to meet face to face with physicians, transparency reporting presents both opportunities and obstacles. Pharmaceutical companies’ reputations are not the only ones called into question. Physicians are also in the spotlight, and will be sensitive to how their relationships with drug makers are documented in the public view. Rais Amils, a Barcelona-based lawyer with Clifford Chance, says, “Because the EFPIA code is voluntary in nature, data privacy regulations are especially important, and will prevail. The implication is that it will be necessary to request express consent from doctors for data disclosure, and it is likely that, at first, doctors will be reluctant to reveal personal data.”

In this environment, trust between the sales representative and HCP will be crucial to maintaining relationships, and may drive new forms of communication between the physician and the brand. Training the sales force on the processes and protocols for tracking their transactions with physicians is necessary, but many in the industry think transparency requirements could usher in a larger change in how drug makers market to physicians.

Further, Pascale Paimbault, chief executive and founder of compliance specialists Consulting Alley, believes the success of a company’s EFPIA reporting will rely on how the compliance officer is positioned within the company. This person needs to be seen as more than just a trouble-shooter for when something goes wrong.

“The compliance officer needs to carve out a proactive role and take the lead in making sure the company has its own business ethics and puts those ethics into practice,” says Paimbault. “All pharmaceutical companies are ultimately



geared to producing medicines for the benefit of patients – a very ethical goal – so the company’s behaviour needs to reflect that.

“Making compliance valued in an organisation is not just an obligation, but an opportunity – having collected all this data on whom you are paying, and for what, compliance officers can work with sales and marketing to analyse that data to correct inappropriate spending, analyse risks, and judge upon future relationships.”

A New Era in Customer Data Analytics

A look at countries where payment transparency has already come into effect indicates that payment data may trigger a cultural shift in how pharmaceutical sales representatives serve their customers. The bulk of transactions made by drug makers in the US and the Netherlands are to healthcare organisations, patient groups, and university researchers. Payments to individual HCPs are far lower, fewer, and less consistently applied. Now that these payment records are centrally stored, drug makers can begin to dig into the data and see which payments are creating value, and whether conference tickets and complimentary meals are really what healthcare professionals are looking for from their sales representatives.

When records are publicly reported next year, drug makers will have access to even more information about HCPs’ preferences, including whether they are

receiving payments from other brands, and the return on investment to particular brands. Customer analytics have come a long way in telling drug makers what information physicians want and what channels they use to research new therapies. Aggregating customer insight with payment data will help sales and marketing paint a more complete picture of what the customer needs, and what type of interactions they prefer, with the brands they value.

This new information avalanche will transform brand marketing from the traditional supply-driven model to a more inclusive and responsive demand-driven sales and marketing approach. Rather than showing all of a company’s new therapies to a physician, in three to five years sales representatives will first download the latest holistic insight on a specific physician, and then prepare for the visit by arming themselves with the information and therapies that an individual HCP most needs to solve his or her current patient case load.

Looking Forward

Alexandre Regniault, life sciences legal expert at Simmons & Simmons, has observed how France’s transparency regulation has helped the industry rebuild its reputation and modernise its sales model.

“Everybody accepts that there is no going back,” Regniault says.

“Companies will have to live with the new rules, and must learn to make the most of them. That includes seeing them as an opportunity to understand their business and relationships better, and using them as a means of competitive advantage.”

These regulations will introduce a new era to the progress of the pharmaceutical industry. Companies can see the requirement as a threat – or they can embrace it, using the codes as a launch pad to improve compliance and transform their customer engagement strategies. Open disclosure shows that companies have nothing to hide, and this can be a step toward building patient and caregiver trust.



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