

Top 10 Pharmaceutical Company Finds New Profits in Health Care Contracts with Selectica Contract Performance Management

Customer Profile

A **national pharmaceutical manufacturing company**, one of the five largest drug companies in the United States, is a leader in developing and marketing drugs to treat the most serious diseases, including cancer, cardiovascular illness, gastrointestinal disease, infection, neuroscience, respiratory disease, and inflammation. The company employs nearly 70,000 people and is active in 100 countries, with annual sales of nearly \$30 billion, including more than \$5 billion for research and development. The company maintains manufacturing operations in 20 countries, and like most pharmaceutical manufacturers, it saw an opportunity in streamlining its contract processing, including automating manual processes and integrating contract management into other best business practices.

Contract Challenges Facing Pharmaceutical Manufacturers

Most drug companies face common challenges in managing their contracted accounts with **hospitals, HMOs, medical groups, group purchasing organizations, government agencies**, and other members of the health care community. Manual contract management processes result in longer time-to-contract, which reduces revenue opportunities, increases cycle times, and constrains available resources. Lack of established contract management protocols also result in rogue contracts that aren't properly entered in contract systems, which results in uncontrollable pricing and added regulatory risk.

Further, without an automated contract management solution, drug manufacturers get little or no visibility into past contracts and relationships, making it challenging to formulate intelligent business decisions. And without automation, there is little or no possibility of integrating with other business intelligence systems, such as ERP, CRM, and procurement platforms.

Management at this drug company understood the value of automating contract lifecycle management to reduce both costs and risk, while increasing visibility into its customer contracts and strategic partnerships. The company chose the Selectica Contract Performance Management (CPM) solution as its primary tool to manage its contracts as critical assets, because **Selectica CPM** would:

- Automate normally manual and labor-intensive administrative processes
- Avoid lost revenue due to missed deadlines and contract errors
- Significantly decrease the portion of sales cycle time related to contracts
- Decrease legal exposure associated with improper contracts
- Share data with third-party systems to create a single cohesive process
- Reduce the complexity of maintaining standardized contract terms and boilerplates.

By automating its contract lifecycle management processes, the company expects to shorten cycle times for new contracts with less overhead and minimize potential risks and mistakes due to a lack of transparency into the value chain.



Summary

- **Industry:** Pharmaceuticals and Life Sciences
- **Solution:** Selectica Contract Performance Management
- **Business Need:** Automate manual business processes in a highly competitive industry to create better transparency into current customer relationships, help deploy new sales strategies, and consolidate legacy systems and contract templates into a single, cohesive process.
- **Benefits:** Faster time to sale with more autonomy for sales managers, including lowering overhead, while eliminating potential risks and errors.

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Replacing Outmoded Legacy Contract Systems with Centralized Contract Control

The drug manufacturer determined that it would benefit from automating both sales and usage-based contracts. In addition to commercial contracts, the company also had to deal with government contracts. Specifically, the contract system had to account for **Medicare Part D**, which subsidizes the cost of prescription drugs for Medicare Patients. The system also had to take into account **Medicare Disproportionate Share (DSH) payments**, which are payment adjustments to hospitals treating low-income patients.

With Selectica CPM, the company is able to standardize its contract templates and create visibility into the contract system, including creating an automated workflow with a rules engine to streamline approvals and maintain contract integrity. By standardizing master terms and conditions as they relate to product and pricing schedules, the company is able to create and manage new sales strategies that can accommodate even the most complex terms.

Automating contract management also allows the sales team to be more efficient. Account managers can now be empowered to manage more of the contract process on their own, without additional approvals for standard offers. The system enforces the actual terms using standardized templates, and the result is a shorter sales cycle with less overhead.

Why Selectica Contract Performance Management?

Selectica's contract lifecycle management platform is ideally suited for complex and non-standard contract management practices. Selectica CPM solution automates manual and non-standard contract management practices to minimize risk and contain costs. Selectica enterprise software is highly adaptable, and lets you assemble a contract using standardized clause and term libraries. The adaptability makes it possible for sales managers to assemble contracts rapidly and accurately using information about the product, pricing, or channel.

Selectica Contract Performance Management is designed to enhance any company's contract lifecycle management. It combines a powerful workflow engine with a unique contract repository designed to accommodate the inherent complexities of contractual data hierarchies. As a result, Selectica CPM can mirror the most complex authoring and approval processes. Selectica empowers your organization by bringing CORE competencies to key processes – Control, Optimize, Reduce, and Extend:

- **Control** – You can leverage contract templates and extensive term and clause libraries with process-specific authoring and approval cycles that eliminate non-standard terms and prevent rogue contracts from cutting into an organization's revenue.
- **Optimize** – Analytical tools and template-based authoring are just some of the tools that help you create an advanced workflow to drive the best possible deals for you, your partners, and your shareholders.
- **Reduce** – You can reduce use of non-standard terms and conditions, and thus shorten time-to-contract and increase your margins, using a clause-level, multi-conditional approval hierarchy built into the authoring process.
- **Extend** – You can expand the way your organization uses contract-based risk profiles by identifying and aggregating contract-specific language that normally would be locked in a file cabinet.

For this pharmaceutical manufacturer, it is clear that Selectica offers the ideal solution to regain control of its outmoded contract management system. The company also is better able to manage complex contracts and create new profits and sales opportunities with HMOs and health care providers, with complete visibility into contractual relationships. And they have streamlined contract lifecycle management, putting more control in the hands of the sales team without compromising contract integrity.