



WHITE PAPER

The Globalization Marathon:

Is Pharma Commercial Operations Moving to a Full Global Operating Model?

John Carro • Jeff Wojcik • Mark Niemaszek



October 2023

Introduction

In the pharmaceutical industry, there has been ongoing discussion whether the Commercial Operations departments should become a globalized function. Over the past decade as companies have become more global in commercializing their products, organizations have been investigating the effectiveness of the Commercial Operations ecosystem.

For 20 years, TGaS Advisors, a Division of Trinity Life Sciences, has been working with U.S. Commercial Operations leaders in the pharmaceutical industry, providing benchmarks and insights across 9 capability areas/departments and over 50 unique functions. TGaS has observed that centralized Commercial Operations enables Marketing, Sales and Market Access to drive business objectives. In an earlier study conducted in October 2022, TGaS examined 39 pharmaceutical companies' structures and identified that most companies (77%) have a standalone U.S. regional structure. The remaining 33% have some type of global or hybrid regional/global structure. Almost all of these companies have discussed the globalization journey and have begun a focused approach on specific areas highlighted within this research.

Methodology

In May 2023, TGaS conducted primary research with large, mid-size and emerging pharmaceutical Commercial Operations leaders to better understand how far along the journey most organizations are in centralizing Commercial Operations activities that are executed globally/regionally and whether this trend will lead to full Commercial Operations globalization in the near future.

The surveys and interviews with Commercial Operations leaders represented 12 unique biopharmaceutical companies, a subset of ~100 member companies in the TGaS network. All respondents were based in the U.S. and had direct or cross functional support for part of global pharmaceutical companies across various responsibilities within Commercial Operations. The information gathered spanned the full Commercial Operations ecosystem including Sales & Marketing Operations, Insights & Analytics and Learning & Development.

In this white paper, TGaS explores if, how and to what extent Global Commercial Operations services are leveraged in pharmaceutical companies operating in global markets and shares insights from leaders who have implemented Global Commercial Operations teams.

Overall Key Research Findings



Commercial Operations enabling functions, structures and operating models are not consistent in global biopharma companies and continue to move toward centralized models.



The predominant operating model is a standalone regional-based model where a single department within each region has central responsibility for functions/processes that enable the Commercial teams, business units, franchises and therapeutic areas.



Specific Commercial Operations responsibilities, including Learning & Development (L&D), Forecasting, Analytics & Insights, Data Strategy, Meetings & Events and Customer Relationship Management (CRM) have moved to global, centrally controlled processes.



The EMEA organizations typically do not have full Commercial Operations capabilities and rely on best practice sharing from the U.S. For global responsibilities, the U.S. Commercial Operations function supports these organizations.



Most organizations have created specific global Centers of Excellence (COEs) to support Commercial Operations functions and activities. The makeup and responsibilities differ widely based on product portfolio and geographical commercialization with Analytics and L&D the predominant COEs.



Organizations are developing plans to centralize specific functions within Commercial Operations to achieve greater efficiencies and share best practices across regions. The trend is continuing across the entire industry with large and mid-tier pharma providing the roadmap, and small and emerging pharma achieving early successes.

Global and Regional Commercial Operations Teams Do Exist Outside the U.S.

As seen in the United States, Commercial Operations functions also exist in other regions (e.g., Europe, Asia-Pacific) and support the Commercial business in the same functional areas. The area where the corporate office is located is generally a standalone region. The EMEA organizations typically do not have full Commercial Operations capabilities and rely on best practice sharing from the U.S.

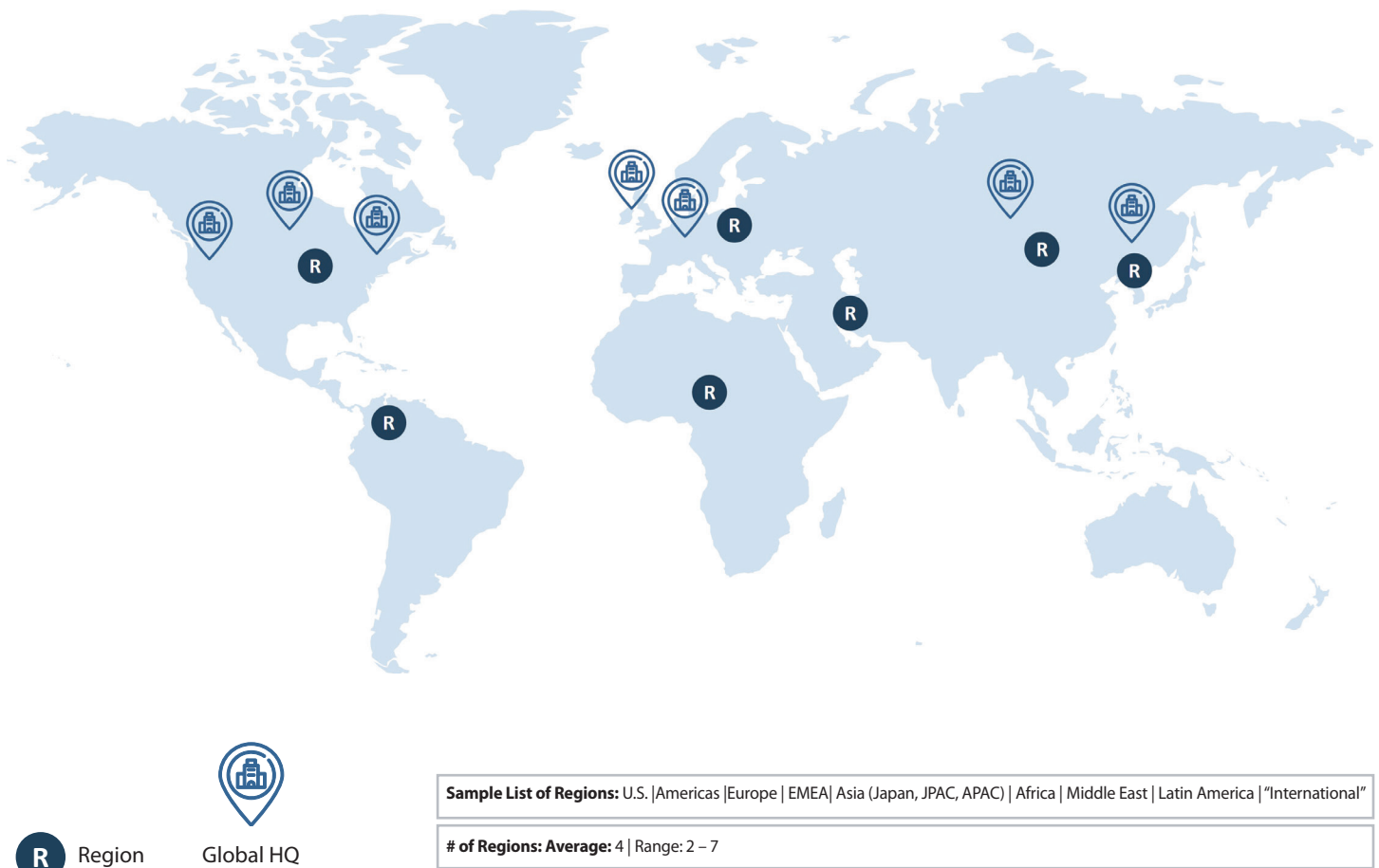


FIGURE 1 | Global Headquarters and Regional Locations of Companies Participating in Research

Over the last three to five years, there have been efficiency initiatives driven by executive leadership to centralize common areas across most regions. There are specific departments and areas including Learning & Development, Competitive Intelligence, Forecasting, Data and Technology that have made measurable strides in centralizing to a global structure (FIGURE 2).

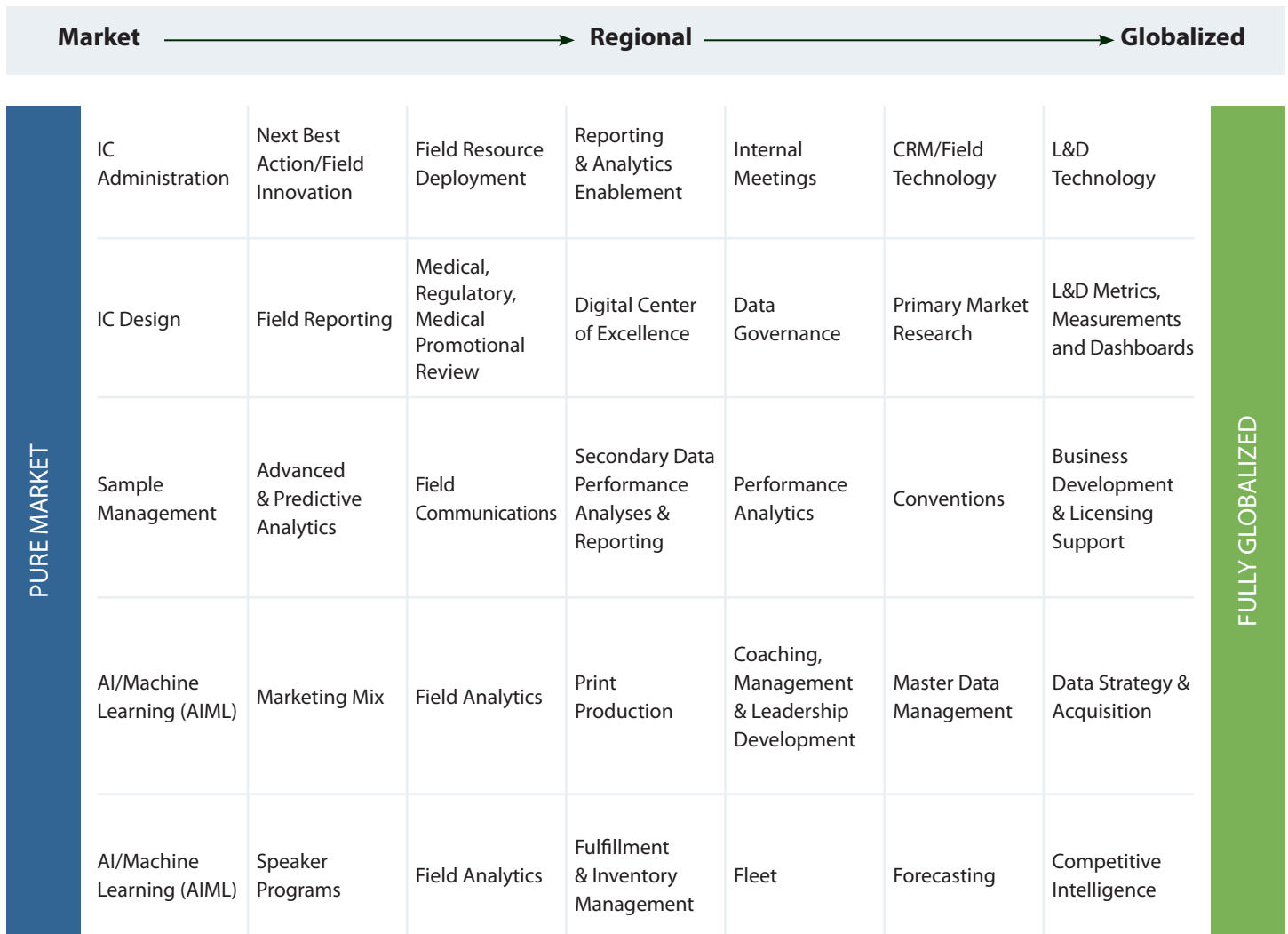


FIGURE 2 | Trending of Commercial Operations Functions Across the Globalization Continuum

Global Enterprise Systems and Global Vendors Have Been a Key Success Factor

Commercial Operations leaders have successfully used global systems and vendors, when possible, to drive efficiencies and potential cost-savings, while providing consistency in utilization of processes and metrics. Most organizations have created global COEs for some Commercial Operations support functions and activities, e.g., Commercial Analytics & Insights. They coordinate broad initiatives and activities with the regional markets.

A best practice to ensure an aligned organization during globalization is executive directive, a well-planned, comprehensive communication plan and cross-functional collaboration in deploying the use of vendors and systems supported by a program management office.

This Journey Is Not a Sprint, It’s a Marathon

Leaders recognized quickly that the transformation of Commercial Operations to a regional or global structure was not a small task since the local needs are not always addressed. Several companies in the study are in the early stages of globalization, and most leaders consider this to be more than a three-year journey. The transition requires an overall strategic plan to identify areas of opportunity for quick successes while keeping sight of long-term efficiency goals.



For functions that are Global, when was the decision made to fully centralize the function?

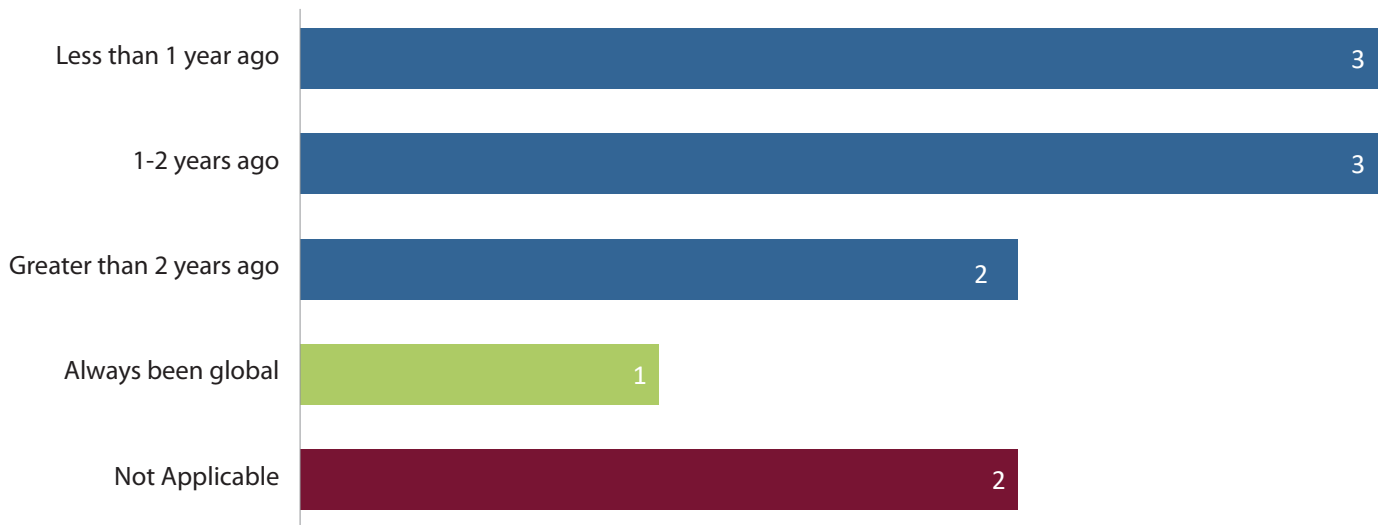


FIGURE 3 | Timing to Transition to a Fully Centralized Global Function

Where Do Companies Start?

The early adopters of globalization have all stated that they have had both failures and successes along this journey. Identifying where to start was a significant challenge that required careful planning. The top three areas to globalize were: Commercial Data Management, Commercial Learning & Development and Commercial Analytics & Insights.

Each department across Commercial Operations has key functions where they can be successful in globalizing. For example, several companies initialized their globalization by creating a globally centralized Forecasting function, model and process. Selecting the right functions can be the critical path to a successful journey. Quick wins are essential for success, so addressing specific areas/functions can make a difference.



If the transition to a Global model was done in phases, which parts of the ecosystem were implemented in Phase 1?

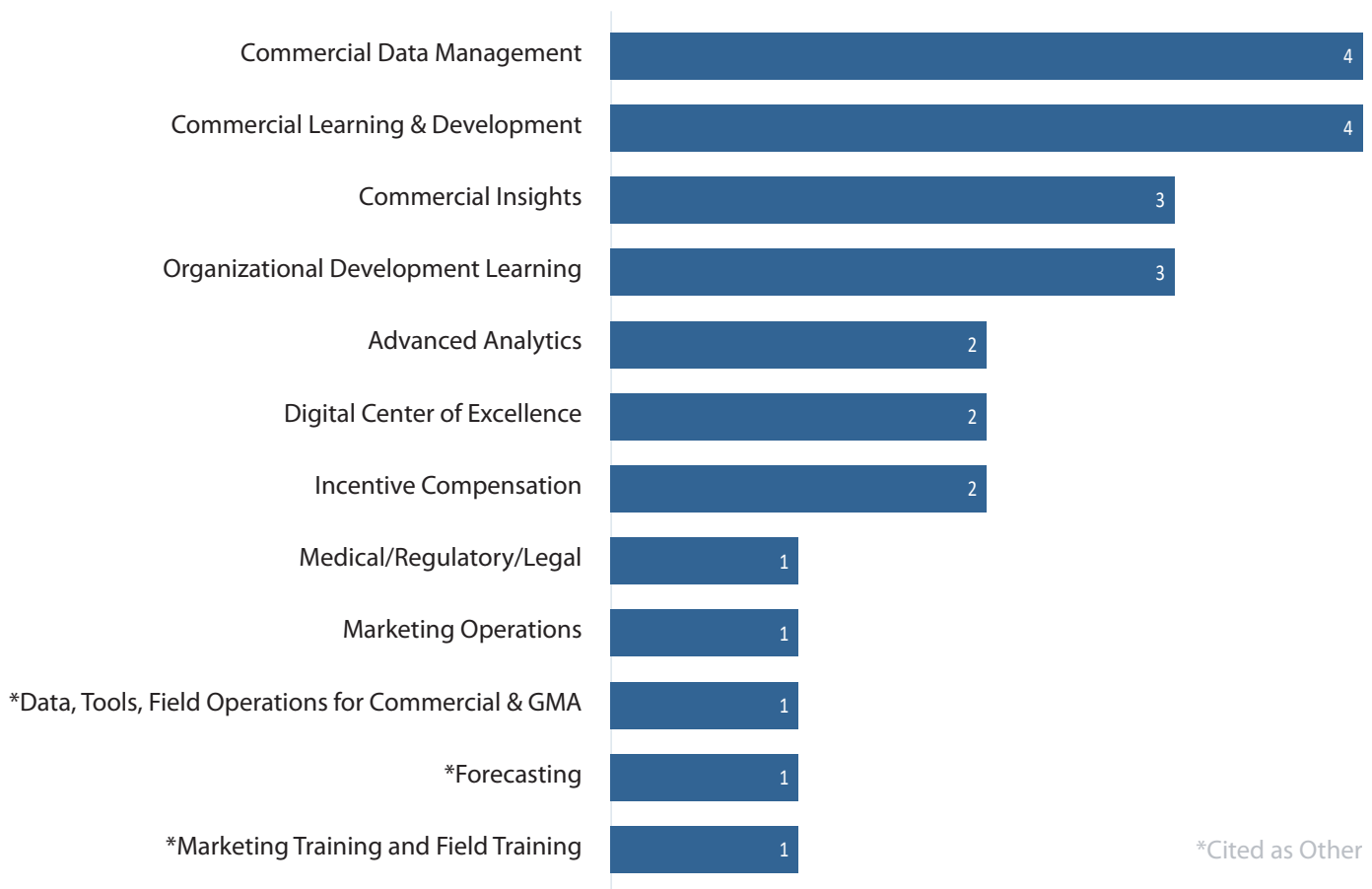


FIGURE 4 | Prioritization of Functions When Transitioning to a Global Model

Priorities for Commercial Operation Teams “Functional Effectiveness and Opportunity”

Most Commercial Operations leaders focus the message of “Globalization” as an opportunity for their employees. The primary goal stated by most leaders was effectiveness and sharing of best practices. Global Commercial Operations has also led to enhanced opportunities for employees to grow and develop in their careers outside of their regional and local markets. TGaS found no correlation in reduction of headcount resources to companies that have globalized Commercial Operations.



For Functions that moved to a Global model, what was the reason to move these functions to Global?

For Functions moved to a Regional model, what was the reason to move these functions to Regional?

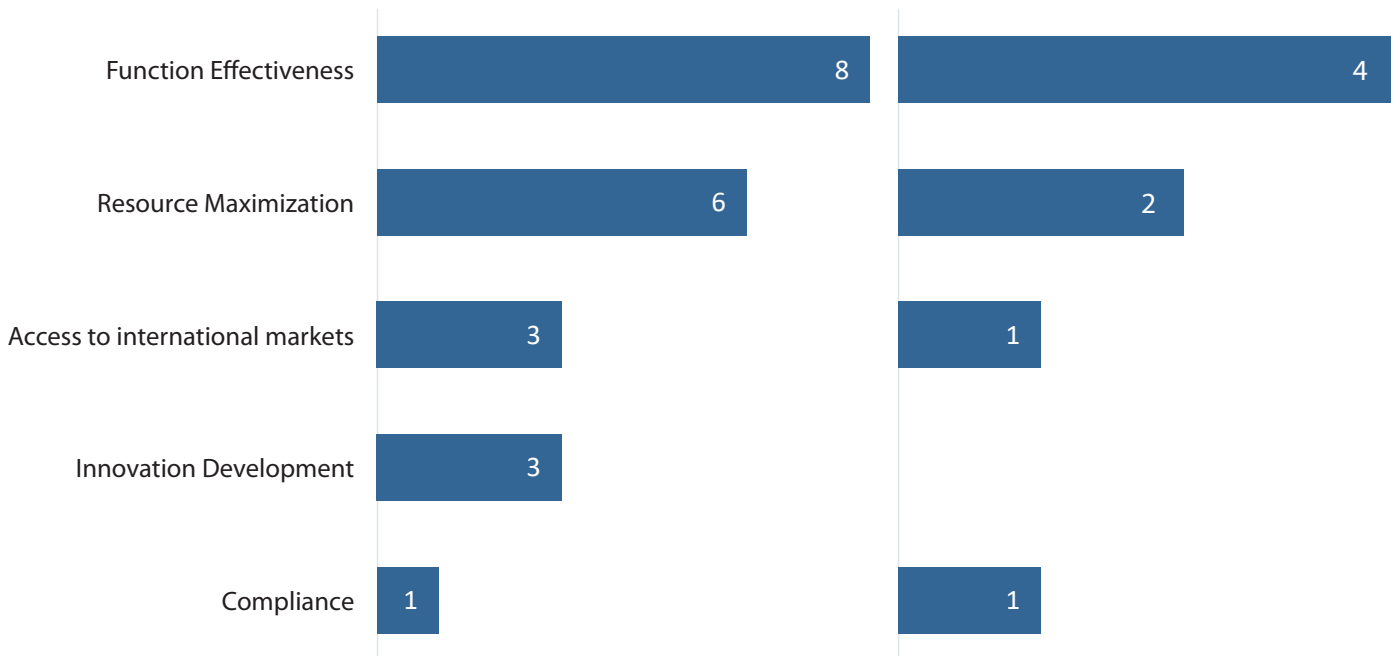


FIGURE 5 | Reasons for Moving to a Global or Regional Model

TGaS Heard From Its Customers “*the Good, the Bad and the Ugly*”

In discussion with Commercial Operations leaders, TGaS learned how the journey is going from their perspectives:

The Good:

Commercial Operations leaders mentioned that centralizing areas (globally or regionally) creates harmonization of processes and tools, resulting in synergies and efficiencies through shared resources. There is also a platform to share best practices. Stakeholders have shown acceptance when Commercial Operations continues to demonstrate value in understanding and managing their local needs.

The Bad:

Commercial Operations leaders shared the frustration of applying similar practices across regions and the lack of acceptance among business unit leaders and team members. Shadow operational teams are created leading to duplicity of functions and at times compliance issues. Driving resource reductions does not always happen, and this expectation needs to be managed with senior level executives.

The Ugly:

When global or regional teams exist, they are lean and at times need the U.S. for support. The teams may be misaligned due to lack of understanding of local business needs and drivers. As a result, at the execution level, it was reported to be sub-optimal as work gets passed back and forth between the teams.

The TGaS Perspective

Overall, the research did not conclude that organizations are moving to a full Global Commercial Operations ecosystem. Most companies are moving toward centralization of certain functions to achieve efficiencies and ensure best practices are shared across regions. The more successful implementations have strong executive sponsorship. The companies that have gone global early without understanding or fulfilling regional stakeholder needs have moved back to a regional structure.

Local market models are becoming less prevalent, and regional models have proven to be more effective and are promoting Commercial Operations employee development during the early stages. Areas like Commercial Analytics & Insights, Learning & Development and Data Strategy have had success creating global models, segueing into more investigation for other functions versus full department transitions.

As the industry continues to evolve over the next three to five years, TGaS anticipates centralization will continue to occur, and companies will continue to leverage objective benchmarking and best practices to inform their path forward.



Authors



John Carro | Senior Vice President

John Carro works with Commercial Operations leaders within the top 35 pharmaceutical/biotech companies to optimize existing Commercial Operations departments. In addition, he has established new central departments in companies where none previously existed in pre-commercial to Top 10 firms.

Mr. Carro's 25+ years in the industry has positioned him to respond to the needs of pharmaceutical clients. His background includes senior-level experience in the top five, mid-tier and pre-commercial pharmaceutical commercial operations environments. He has held positions in Sales, Marketing, Commercial Operations and Finance, giving him a broad, cross-functional perspective in virtually every aspect of commercial operations in the life sciences/pharmaceutical industry. Mr. Carro came to TGaS Advisors in 2008 from King Pharmaceuticals, where he was Vice President, Commercial Operations.



Jeff Wojcik | Adviser to the Pharmaceutical Industry

Jeff Wojcik has more than 30 years of experience in pharmaceutical sales and marketing operations, most recently advising pharmaceutical/biotech Executive Commercial Operations leaders as Senior Vice President at TGaS Advisors. After a very successful career at TGaS, Mr. Wojcik has continued to advise pharmaceutical organizations for several years.

Mr. Wojcik was previously at Shire Pharmaceuticals, where he took on an expanded role that included all Sales operations, analysis and administrative functions. While at Shire he led a CRM project team that established a three-year information roadmap for consolidating and integrating key measures to support informed business decisions based on facts while proactively incorporating regulatory compliance tracking. Mr. Wojcik's background also includes 10 years at Wyeth Pharmaceuticals, where he headed Sales and Market Analysis, and he held a number of positions at IMS.



Mark Niemaszek | Adviser to the Pharmaceutical Industry

Mark Niemaszek is an experienced pharmaceutical professional with more than 30 years of financial and operations experience. Mr. Niemaszek has been advising pharmaceutical organizations for several years after a successful career at Astellas Pharma as the Vice President, Commercial Operations, where he developed the Company's domestic and global commercial operations capabilities. In this role, Mr. Niemaszek was responsible for the Company's U.S. Marketing & Sales Operations, Insights & Analytics and Learning & Development functions. Prior to the merger with Yamanouchi Pharmaceuticals, Mr. Niemaszek held various leadership positions with Fujisawa Pharmaceuticals.

Mr. Niemaszek served as the chair of the pharmaceutical Commercial Operations board and is currently a Board of Director or advisory member for several pharmaceutical technology vendors.



About Trinity

Trinity is a trusted strategic commercialization partner, providing evidence-based solutions for the life sciences. With over 25 years of experience, Trinity is revolutionizing the commercial model by providing exceptional levels of service, powerful tools and data-driven insights. Trinity's range of products and solutions includes industry-leading benchmarking solutions, powered by TGaS Advisors. To learn more about how Trinity is elevating life sciences and driving evidence to action, visit trinitylifesciences.com.

For more information, please contact us at info@trinitylifesciences.com.