

Conference Highlight Reprint # 69-04

Pharmaceutical Competitive Intelligence

Forewarned is Forearmed

By Neil H. Gray

The phrase “competitive intelligence” (CI) may conjure images of dumpster dives, covert ops, and general sneaking around, poking into the business of other businesses. Or, you may look at audience profiles, focus groups, campaign metrics and competitor landscape analyses, and figure that’s all the CI you need.

However, one of the foremost practitioners of CI, Jan Herring, puts it in a broader frame: “Knowledge and foreknowledge of the world around us – the prelude to management decision and action.”

The following report of impressions from a pharma CI conference is an insider view, primarily how-to principle for CI providers, rather than how-to-use concepts for CI consumers. Yet you don’t have to be an operative to benefit from reading this article, if for no other reason that to realize that SWOT is not just pitch-deck boilerplate, but the evolving awareness of your brand’s interactions with the world.

– Mario Cavallini

Praemonitus praemunitus is the original Latin derivation, but most of us are more familiar with the commonly known phrase, “Forewarned is forearmed.” Today, within both large global and smaller domestic industries, including the life sciences, these are watchwords of a specific niche of information-focused professionals who work diligently to understand better how business and competitive opportunities and threats surface to challenge them and their companies.

Accordingly, scores of pharmaceutical competitive intelligencers’ eyes and ears were focused on the presentations, panel discussions, and exhibits at a recent Pharmaceutical Competitive Intelligence and Business Analysis Conference produced by Teaneck-based Apaporis, LLC.

With two tracks and strong representation from mid- to large sized pharma, as well as the service companies that support pharma, the competitive intelligence (CI) presenters and panelists shared (to the extent that CI professionals can...more about that later) interesting information and experiences drawn from the pharma CI world.

What is Competitive Intelligence?

“Most of what is termed CI in the pharma industry is really market research—primary or secondary data that is often already published,” said Paul Meade, vice-president, Best Practices, in a Pharmaceutical Executive Magazine article. “Real

CI is a sophisticated technique that uses various tools—such as competitive landscapes, scenario development, war games, competitor lifecycle profiles, science mapping, comparative matrix development, and franchise portfolio analysis -- to understand what competitors are doing strategically and tactically.”

Elio Evangelista, senior analyst for Cutting Edge Information, points out a few major traits that distinguish CI from market research: “Market-research teams typically focus on supporting a specific franchise or therapeutic area by identifying market gaps for their products to fill,” says Evangelista. “Competitive-intelligence teams, on the other hand, use similar data—along with countless other resources—to predict market changes, preempt competitor activities, and develop strategic contingency plans.”

The Times They Are A-Changing

Day one of the aforementioned conference began with general sessions that focused on how CI helps to drive better strategic decision making in the pharmaceutical industry as well as discussion of how CI professionals’ jobs have changed over the years.

One panel, moderated by Cliff Kalb, Vice President, Life Sciences at Wood Mackenzie, examined how competitive intelligence activities

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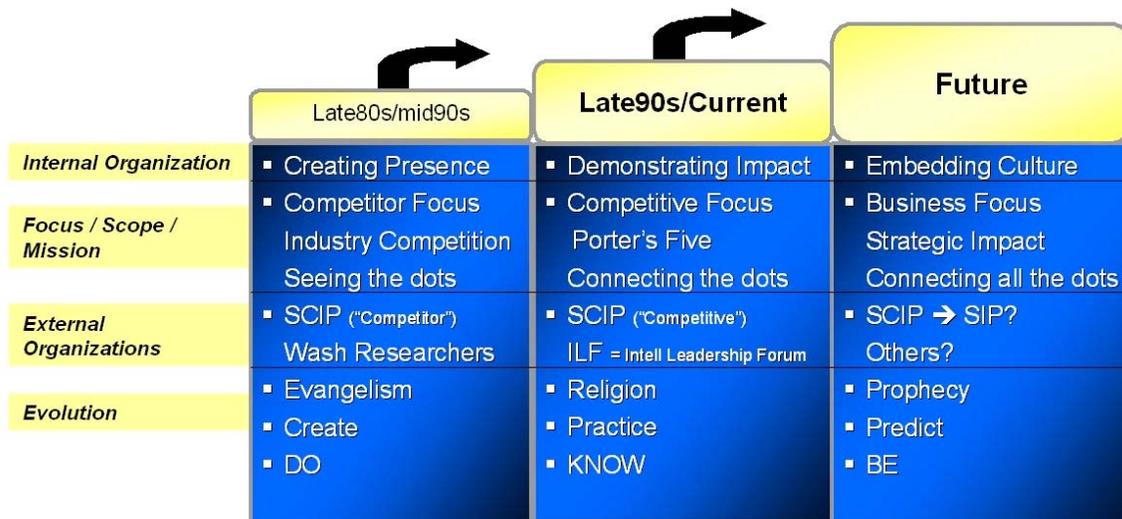


Figure 1: **Evolution of "C" Intelligence.** Reproduced with permission of the author, Mark Little, PhD, Vice President, Business Intelligence & Market Research, Covance, Inc.

have brought increased value to their respective organizations.

At least one panelist admitted she was now managing skill sets that weren't even in her vocabulary a decade ago and was pleased that most of her colleagues have now come to understand her role and goals within the company to foster collaborative networks and information sharing.

But that only came to pass when the CI department achieved internal credibility at her company. Part of the pathway towards gaining that internal credibility was to become more involved in strategic and planning activities. In her company, CI is a member of the company's strategic planning teams, and business unit presidents consistently seek out CI analyst opinions on a wide range of strategic and competitive issues.

Evolution is part of the CI story at other pharma companies too. As one panelist explained, the CI function at her company began as a unit focused on competitive technical intelligence within a scientific competitor information group. After several mergers, CI became matrixed across therapeutic areas as well as geographies before finally becoming a centralized group within an Information and Knowledge Management organization.

Mark Little, PhD of Covance concurred with the comments about CI's evolution, and described the

transitions CI has seen since the 1980s from a competitor information gathering service to one more strategically focused on competitive and network forces as well as prediction within the industry.

The panel underscored the importance of CI analysts knowing how to help information requestors understand what information they really need, and that the two most important CI qualities are to generate trust between the client and CI group, and demonstrate CI's indispensability to link (and grow) sources of knowledge.

Overcoming Organizational Hurdles

Several speakers noted that when setting up a CI function, it is essential to have an organizational champion for CI, clearly demonstrable examples of CI value, a physical presence within the business units, and a strong propensity to recruit outstanding talent.

Understanding the cultural aspects of knowledge use within your company is critical too, as some organizations are knowledge sharers while others are knowledge hoarders.

Given the service or staff support function CI plays within the pharma industry, voluminous requests for "help" are legendary. Prioritization and negotiation are skills good CI professionals work to perfect. While one never says "no," to a client, at times one must both clarify and sometimes redirect

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a client's informational request, based upon discussion and questioning.

Chris Bogan, CEO at Best Practices, LLC, remarked that the best CI professionals excel at recognizing patterns, and can customize and package their insights to specific audiences.

The Best Competitive Intelligence Sources

One of the recurring questions that percolated to the surface of several panel discussions and presentations was, "Where's the best place to actually harvest competitive intelligence?" One Pharma CI director felt that three sources typically yielded the most useful information:

1. Employees
2. Industry experts
3. Professional association meetings and trade shows

Cumulatively, employees and their experiences (both professional and social) are rich sources of competitive intelligence but not often harvested or coalesced in an orderly or timely fashion. Part of the reason is that extracting good competitive intelligence from employees is no small feat. It requires time, resources, and trained analysts. And, given the fact that CI is one of the most vulnerable and budget-at-risk functions within

pharma, the extraction of employees-based competitive intelligence at times does not reach the priority level needed.

Industry experts, such as the key opinion leaders (KOLs) that conduct much of the clinical research in a therapeutic area, are often rich sources of competitive intelligence, in that they work and are in constant contact with a wide array of manufacturers and fellow KOLs. Curiously, the medical science liaisons (MSLs) whose jobs it is to interact with and cultivate the KOLs have fairly uneven training throughout the life sciences industry in CI objectives, techniques, or approaches. "They don't talk with one another as much as they could or should!" commented Mark Little, in a post-meeting phone conversation.

Yet both CI and MSLs are frequently in joint attendance at industry-wide association meetings and trade shows. Most of the attendees at this CI forum echoed feelings that professional meetings, where podium presentations, technical and commercial exhibits, posters, and public discourse abound, are rich venues for CI. However, it is critical to know what you want to use CI for and the issues or questions you want addressed, before deploying personnel to such meetings for CI purposes. CI in the absence of planning usually produces uneven value.

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Social Networking: A New Source of Competitive Intelligence!

If Key Opinion Leaders and other physicians that conduct clinical trials are good sources of competitive intelligence, then social networks that are frequented by these and other physicians can be a gold mine for competitive intelligence practitioners!

Pfizer already has staked a claim in one of the most important mines—Sermo, which is a Web-based community where physicians share observations from daily practice, discuss emerging trends and provide new insights into medications, devices and treatments.

Pfizer and Sermo announced on October 15, 2007 a "strategic collaboration designed to redefine the way physicians in the U.S. and the healthcare industry work together to improve patient care" (see "[Pfizer has a Gold Mine in Sermo!](#)").

Pfizer can learn which docs on Sermo have knowledge about competitive products under development, which ones have the highest ratings among other Sermo docs and therefore are likely to be influential, and which docs seem interested in becoming consultants or doing clinical trials for Pfizer.

For more on this, listen to the [Pharma Marketing Talk podcast interview](#) with Daniel Palestrant, Founder & Chief Executive Officer, Sermo.

War Games

One of the more popular and pervasive strategic planning activities within the CI community is war gaming, described here by Mark Fuller, CEO of Monitor Company:

“Top executives need a chance to experience change. They need to practice, to rehearse. Simulation provides just that opportunity. The players in the war game get to try their hand at a realistic, interactive demonstration. And when competitive reality asserts itself in the game results, they learn the consequences of different strategic choices. It is practice in the best sense: learning by doing.”

At the CI meeting, Bryan Doran, Director, and Monique Eddleton, Managing Director, Financial Services, both of Guideline described the war gaming process as simulated business or environmental events using cross-functional teams to brainstorm, analyze, and formulate responses to “what if?” scenarios, with a high degree of documentation and implementation of ideas following the games. Their view of the process for successful war games encompasses several steps:

War Game Goals

The immediate goal of a War Game is to anticipate competitive developments and moves in one's industry(ies), and formulate best-course action options. The ultimate long-term objective of a War Game is to shift managerial focus from internal to external. Additional objectives include:

- Gain a better understanding of the total competitive arena
- Develop reality based market/industry scenarios
- Lay the foundation for an early warning process
- Develop the ability to think like a competitor among internal "experts"
- Raise awareness of participants to the need to consider competitors' moves before committing to a specific strategy, as well as competitors' reactions to your own moves
- Air internal blindspots which typically do not get an open hearing
- Create a long-term support base for the CI function/program

Setting the scope and objectives for the war game is the first critical step in the process. Here, the rules of the road are articulated, including the business issues and events upon which to focus, the business that will be addressed, the time horizon to consider, key issues or other uncontrollable factors, the agenda for the game, and the participants.

Next, strong preparation is a must. Participants must have access to a wide range of financial and business information as well as computer tools and internet access to address the many questions and scenarios that can emerge during the war game. Doran and Eddleton recommend that well conducted war games make use of the following:

1. Have a senior business leader open the war game and emphasize its importance.
2. Use a trained facilitator to run the exercise.
3. Be flexible with time and structure.
4. Start with warm-up exercises that get people thinking outside the box and working in teams.
5. Keep it fun but focused.
6. Don't let teams get bogged down.
7. Keep a “parking lot” for ideas, issues, and comments that while either interesting or tangentially valuable, reach outside the scope of the exercise.
8. Take DETAILED notes of all discussions.

After the war game has concluded (usually in a day...sometimes in two days) it is imperative that strong follow-up on implementable ideas as well as a document summarizing the output of the meeting is made available to all attendees. Additionally, the time after the war game is important to add financial analysis to the recommendations, to verify facts or assumptions raised during the war game, and to complete work that was not concluded during the activity.

Finally, the Ethics of it All

At least one expert emphasized to the attendees the critical importance of scrupulous ethics in undertaking competitive intelligence. The process of obtaining CI is as important as what is developed from its efforts. This is especially important to the pharmaceutical industry, which is beset by many guidances and compliance speed limits. Because CI information is sensitive, the manner in which it is obtained and the means used to collect it are subject to formal internal company guidelines as well.

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Competitive Intelligence activities differ from outright industrial espionage only if CI practitioners abide by local legal guidelines and ethical business norms. There is a strict code of ethics followed by reputable CI practitioners, laid down by the Society of Competitive Intelligence Professionals (SCIP). This includes the stipulations that CI professionals:

Abide by all applicable laws—whether domestic or international. Thus bugging, bribery, and other such illegal practices would be a serious breach of the ethical code.

Accurately disclose all relevant information, including one's identity and organization, prior to all interviews. This ensures that primary research is conducted ethically without misrepresentation. As such it also limits what can be done - and attempts to gain information through lies about one's identity would be viewed as industrial espionage. At the same time, the code of ethics recognizes that it may not be in the interests of the research to declare the ultimate purpose for which the information is being gathered - hence it is only required to disclose relevant information to sources such as one's identity, organization, etc. It is not a requirement to say who the ultimate client is, and so many organizations employ consultants who can be totally honest about who they are while keeping their client's name confidential. Such consultants will say that the information is being collected as part of a benchmarking or industry study, for example. What is not said is that the benchmarking study is being done only on competitors to the client!

Provide honest and realistic recommendations and conclusions in the execution of one's duties. Competitive Intelligence can sometimes uncover unpleasant truths that companies would prefer not knowing. At the same time, not knowing could lead the organization to failure. CI Professionals need to communicate both the good, and the bad - strengths and weaknesses - even in cases when management would rather stay in ignorance. Further, along with the message, the CI professional should use their understandings to provide suggestions and recommendations for action. If the intelligence gathered is not used but ignored it has no value. As a result, competitive intelligence is a key discipline in enabling companies preserve and gain competitive advantage in their business environment.

Many companies are concerned about keeping their practices above board. One of the ways to ensure this is through internal training and

providing employees with clear-cut, written policies (such as in the employee manual) as to what is acceptable practice.

CI Technical Wizardry

One fascinating aspect of the Apaporis CI conference was the well represented and attended (25 exhibitors) exhibit area, chock full of strong information and technical tool suppliers supporting the competitive intelligence industry.

From war gaming specialists Deallus and Guideline and market research/CI firms Fuld, ISIS Global, and Fletcher CSI to information aggregators such as Life Science Analytics, BioMedTracker, and Comintell, the exhibit area was heavily traveled and gave attendees strong opportunities to "kick the tires" on some of the tools of the trade.

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Representing *Pharma Marketing News*, Neil sat briefly with Nadia Daily, President and COO of Life Science Analytics MedTRACK to hear how customers are using her key product.

PMN: What precisely is MedTRACK?

Nadia Daily (ND): MedTRACK is our highly data rich corporate intelligence tool for business development and CI professionals within biomedical companies, as well as the consultants and suppliers who support them. We also have a significant number of MedTRACK users within the financial analyst community.

PMN: How is the product populated with information?

ND: We use over 120 analysts (not salespeople) who update our system daily. We cover the current pipeline across the lifecycle, pending and executed deals, inlicensing, outlicensing, and financial data on over 11,000 biomedical companies worldwide.

PMN: That sounds like a significant amount of data.

ND: It is. As are the 49,000 products we also track! We've also added a new Venture Finance component to MedTRACK that allows users to analyze financings and the different firms participating in these rounds organized by therapeutic indication and focus. This lets financial and CI analysts quickly parse data to uncover partnering opportunities or establish an opinion on a company.

Pharma Marketing News

Authors, Experts Consulted and/or Cited In Articles

The following experts were mentioned or consulted in the preparation of articles for this issue.

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Resources

The following resources were used in the preparation of articles for this issue.

- Wikipedia: “**Competitive Intelligence (Ethics)**”; http://en.wikipedia.org/wiki/Competitive_intelligence

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