Leveraging Digital Innovations for the Optimal Customer Experience

Enabling MedTech, Pharmaceutical, and Life Sciences Manufacturers to be Best Prepared in a Changing and Dynamic Customer Environment

A Frost & Sullivan White Paper
Daniel Ruppar, Consulting Director - Healthcare & Life Sciences

50 Years of Growth, Innovation and Leadership
INTRODUCTION .............................................................................................................. 3

Data is Catalyzing Transformation in Drug and Device Manufacturing ................................................................. 4

Manufacturers Need Solutions to Enable Next-generation Customer Experiences and Business Requirements ........................................................ 5

  Enhancing Digital Customer and Sales Channels ................................................................. 5

  Delivering Optimized and Personalized Customer Experiences and Service ................................................................. 5

  Optimizing Inventory Management and Warehousing ................................................................. 6

  Better Supply Chain and Quality Management ................................................................. 7

SAP—Enabling Digital Transformation of MedTech, Pharmaceutical, and Life Sciences Manufacturers ................................................................. 7

Conclusion .................................................................................................................. 8
INTRODUCTION

MedTech, pharmaceutical, and life sciences manufacturers\(^1\) are looking to take a more intelligent approach to major areas impacting their businesses, including operations, quality, supply chain, finance, and customer service. These companies are seeking to institute changes in many business areas, such as:

- Process optimization and intelligent.smart manufacturing.
- Enhancing digital customer and sales channels.
- Delivering optimized and personalized customer experiences and service.
- Optimizing inventory management and warehousing.
- Better supply chain and quality management.

\(^1\) MedTech, pharmaceutical, and life sciences include companies manufacturing products classified as medical devices by regulatory authorities (e.g., FDA/EMA), biologics and small molecule drug products, and animal health products requiring regulatory approval.
While innovation and improvements in these areas help manufacturers from a process and operational standpoint, they also directly relate to how manufacturers deliver their products to customers. Customer groups can also vary widely, including direct patients/consumers, health systems, wholesalers, and group purchasing organizations (GPOs). Because of this variety of factors, it is important for manufacturers to have the right systems in place to optimally engage with different customer groups and individuals.

MedTech, pharmaceutical, and life sciences companies are increasingly striving to focus on the customer to enable a closer and more meaningful relationship. Healthcare systems, for example, are currently evaluating their purchasing variance and volume of manufacturers they engage with as part of business optimization. They are looking for the device manufacturers and software companies that are best prepared to help them move their customer relationship forward and function more as a collaborative partner than simply a supplier.

**DATA IS CATALYZING TRANSFORMATION IN DRUG AND DEVICE MANUFACTURING**

Digital transformation, the Internet of Things (IoT), and embracing data inherently encourage a more intelligent approach to meeting business and customer needs. Companies can no longer afford to have data silos because these can hinder the optimal delivery of services, operations, and performance in a changing, insight-driven, and platform-oriented digital environment.²

2 Frost & Sullivan Healthcare and Life Sciences Team Research.
Existing data, however, needs to be housed, curated, and used effectively to get actionable insights. For companies that will be industry leaders, cloud services, advanced analytics, artificial intelligence (AI), and machine learning (ML)/robotic process automation (RPA) will be key parts and capabilities of technology platforms moving forward. New points of value for manufacturers will be provided by this shift from descriptive statistics to predictive and real-time insight, which leverages advanced analytics.

These enhancements will help manufacturers in terms of manufacturing products and supply chain; by leveraging innovative and customer-centric IT solutions and services, manufacturers can encourage innovation and bring new value to customer interactions.

**MANUFACTURERS NEED SOLUTIONS TO ENABLE NEXT-GENERATION CUSTOMER EXPERIENCES AND BUSINESS REQUIREMENTS**

MedTech, pharmaceutical, and life sciences manufacturers are evolving how products and services are delivered to customers by modifying business models to match evolving customer expectations. With their products and services, manufacturers should strive to provide a seamless service experience to customers throughout their entire journey.

**Enhancing Digital Customer and Sales Channels**

eCommerce channels, for example, are increasingly impacting how customers interact and purchase from medical device and life sciences companies. According to Frost & Sullivan Life Sciences team research,\(^3\) e-commerce is now a key sales driver for laboratory purchasing from instrument and reagent manufacturers. This alters how distributors are used in terms of share and how manufacturers gain access to their consumers. Key reasons for this include a more personalized and customized experience, easy payment and shipment tracking, and growth in connected lab solutions and digital inventory management—all part of broader market digitization and consumerization trends that are currently impacting the customer experience across most major vertical markets. In the future, Frost & Sullivan expects leading manufacturers in the market to have an end-to-end digital ecosystem for customers that covers all product, inventory, and purchasing needs to deliver maximum value to customers.

**Delivering Optimized and Personalized Customer Experiences and Service**

MedTech, pharmaceutical, and life sciences companies should gain insight into customer sentiment and interests for more personalized and enhanced customer experiences.

For example, pharmaceutical companies that are striving to be best in class are “increasingly organizing their business around what customers want.”\(^4\) The optimal customer experience can have a direct impact on increased drug prescribing, thereby driving sales and market share in increasingly competitive markets. Pharmaceutical companies focused on this need “have the greatest impact when focusing on end-to-end customer journeys, rather than individual touchpoints.”\(^5\)

---

3 Frost & Sullivan report ME1A - Growth Opportunities in the Global qPCR and dPCR Market, Forecast to 2023, January 2019.
5 Ibid.
Manufacturers need to enable a higher level of customer experience, which people have come to expect based on their interactions with other industries. For example, medical device companies are replicating customer experiences seen in Retail & Finance, with real-time information at point-of-use and high levels of customer support interaction—both virtually and person to person. Or they are taking tactics more common in Transportation & Distribution, with proactive outreach to customers based on their preferences and one-stop customer support resolution and call back.6

Solutions that can provide real-time insight into service performance using analytics and dashboards can deliver an omnichannel customer service experience and best meet customer expectations. This includes enhanced customer service in terms of faster ticket closure and resolution, which is more akin to experiences in other vertical markets with higher consumer orientation.

**Optimizing Inventory Management and Warehousing**

Inventory management is an important area of focus for manufacturers and their customers. Manual processes can result in unneeded time investment and errors due to miscalculation.7 Embracing digital transformation trends and technologies for inventory and warehouse management can create immense value.

---

Manufacturers are moving to smart and intelligent warehousing as part of their overall digital transformations. Benefits such as improving packaging and product locating are directly related to the creation of a stronger link between data and product.8 Furthermore, leveraging AI and natural language processing (NLP) technologies for hands-free work can boost efficiency, and more sophisticated warehousing approaches can facilitate better connectivity to backend inventory applications.

Customers such as hospitals can face challenges in terms of optimal supply and inventory management. This can breed under-stocking in some cases versus needed demand, leading to staff distrusting that the right supplies will be readily available and, in some cases, overstocking unnecessarily. The use of digital, intelligent, and predictive inventory management solutions can help customers overcome such a challenge, improve their financial performance, and improve purchasing of devices, consumables, drugs and other supplies from manufacturers.9 Additionally, on the customer end, it benefits manufacturers in terms of potentially more optimal product delivery to customers.

**Better Supply Chain and Quality Management**

Supply chain and quality management is also a manufacturer focus due to tightening regulations, operational inefficiencies, industry consolidation, and other Mega Trends impacting the growth and profitability of MedTech, pharmaceutical, and life sciences companies. Making new software investments in this area can “directly impact supply chain visibility, greater customer satisfaction, and improved patient experiences.”10

For example, IoT technology can monitor pharmaceutical shipments in transit, better enabling environmental and temperature visibility, and combat drug counterfeiting.11 This tactic also results in radical expansion of available data, where companies need to adapt and embrace intelligent technologies and the right digital platforms to best meet their operational and customer goals.

**SAP—ENABLING DIGITAL TRANSFORMATION OF MEDTECH, PHARMACEUTICAL, AND LIFE SCIENCES MANUFACTURERS**

SAP is a global market leader that is ideally suited to meet manufacturer needs today and enable them to be leaders tomorrow. SAP C/4HANA and SAP’s Intelligent Enterprise have unique capabilities that can bring key value to manufacturers.

With SAP C/4HANA, SAP provides a unique and unified suite of cloud solutions to MedTech, pharmaceutical, and life sciences manufacturers that best engage with customers in both the current and future market environments. SAP C/4HANA stands out in terms of market solutions with broad integration capability with enterprise data. SAP’s Intelligent Enterprise orchestrates and end-to-end process through its framework, which consists of a strong suite of applications, a data-centric platform, and technologies such as machine learning, IoT, and analytics, providing a next generation of value creation and automation for manufacturers.

---

8 Allison, Scott, Tomorrow’s world: A rundown of the connected warehouse and its benefits to logistics, European Pharmaceutical Manufacturer, April 2018.
9 Arndt, Rachel, Hospital supply inventory management creating a cottage industry for technology, Modern Healthcare, July 2018.
SAP can deliver the next generation of self-service for manufacturers, leveraging conversational AI to automate conversations and using advanced predictive analytics and machine learning capabilities to take relevant actions. These types of capabilities are key customer expectations from companies that will lead in the market. SAP’s Service Cloud supports manufacturers in providing exceptional levels of customer service. SAP’s Qualtrics solution is directly focused on customer experience management, which enables manufacturers to obtain actionable feedback to optimize individual customer experiences. Through optimal customer experience management via structured or triggered surveys from Qualtrics, manufacturers can proactively support needs, uncover service opportunities, reduce equipment downtime, and otherwise create a closer relationship between themselves and their customers.

Overall, SAP’s solutions can help manufacturers bridge the gap between front-office engagements and back-office processes, bring together operational and experience data, and automatically provide faster, more accurate insights with integrated, intelligent, and cloud-based customer service.

**CONCLUSION**

MedTech, pharmaceutical, and life sciences companies are driving innovation in ways never before seen in the market in the form of new products, solutions, and services. The dynamic market environment is altering customer expectations and driving the need for new processes, insights, and approaches to create closer and more individualized relationships between the manufacturer and customer. SAP is strongly positioned as the ideal partner for manufacturers in this space that strive to be at the forefront of digital trends and be best prepared to be tomorrow’s market leaders.

---

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today’s market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies?

For information regarding permission, write:
Frost & Sullivan: 3211 Scott Blvd, Santa Clara CA, 95054