

Case Study:

The Phenomenon of a Bump-Free M&A process



Verix enables a painless merger between two sales forces

The Situation

In April 2014, Bayer pharmaceuticals completed the acquisition of Algeta, a long time independent partner specializing in pharmaceutical sales. In attempt to streamline operations and reduce expenses, Bayer strived to eliminate unnecessary redundancy between their in-house and third party sales forces. The anticipated advantages of merging the two sales forces have been obvious for over two years, yet Bayer's sales operations managers were hesitant to kick off the merger, fearing a long and painful process that will cause, every sales' manager's nightmare, an inevitable dip in sales.

Key Challenges

- Align two very different sales forces
- Smooth merger with acquired company
- Identify redundancies and optimization opportunities
- Zero down time!

Key Benefits

- Smooth M&A with Algeta
- Fully operational combined team from day one
- Best practices integrated the good of both worlds
- Reduced number of territories from >100 to 85
- Eliminated alignment issues between two sales forces

Bayer's in-house sales force has long been using the Verix analytic solution to optimally manage their sales operations, from reps in the field, through regional and national managers, to higher level executives, and grew to trust it as their key go-to solution for everyday operations. To get the most out of their third-party distributors, Bayer had Verix provide 3rd parties with a limited access dashboard designed specifically for their needs. As a result, Algeta's employees had basic familiarity with the Verix solution, even before Bayer acquired Algeta, yet far from the level needed to smoothly integrate with Bayer's experienced sales force.

Verix took upon itself the entire merger process of sales analytics - Designing all appropriate dashboards and aligning access rights to each level. Further, Verix followed with its eminent training, making sure that all ex-Algeta employees, from their very first day as Bayer employees, will be up and running smoothly, without any set-back.

Apps Implemented

- Sales Performance Management
- Sales Force View
- Prescription Tracker
- Physician Card
- Call Activity
- Site License Monitoring
- Account Card

Usage

- 180 daily users
- 86% utilization

ROI

- Improved territory coverage
- Reduced sales force by ~20%
- Eliminated operational redundancy

The Need

Once Bayer decided to acquire Algeta and merge its entire sales force with their in-house sales force, the key requirement was minimizing down-time across all levels. Bayer defined the following steps to ensure a smooth, painless transition:

- Map out requirements of merged sales force with aligned territories and new responsibilities. Ensure full cover and avoid costly redundancy.
- Design required dashboards and define new KPIs to best serve the aligned sales force
- Sand Box process with all users to collect feedback and ensure all levels are involved and feel their needs are addressed.
- Fast implementation to guarantee availability from day one
- Training of all users, new and old, to ensure in-depth familiarity with all features. This step is vital to sustain the continual high utilization of the solution.

The guidelines were clear – avoid unnecessary downtime. Do it fast and do it right. As Bayer had been working with Verix for several years by the time of the merger, Sales' Operations management felt comfortable to entrust the entire process in the hands of the Verix team.

The Challenges

Although both sales forces were practically selling the same products, the two sales organizations were very different from one another. Algeta, a 3rd party distributor, was designed to work in association with manufacturers. Bayer's sales force, an in-house sales team, was used to having full access to internal information within Bayer. Merging these two distinct groups and aligning their operations turned out to be a complex task, that required a lot of planning and forecasting.

New requirements from both sides had to be fully identified. Subsequently, all territories, methods, calls, target lists, and more, had to be fully aligned.

When designing the new dashboards and planning the new KPIs the objective was to allow both sales forces to get the best of both worlds – the methodical ways of a 3rd party distributor, combined with the more in-depth practice of an in-house team.

Since down time must be avoided at all cost, in many cases of M&A, the Sales Operations team prepares a temporary excel based backup, to bridge over the merger period when solutions are not fully aligned yet. Here, Verix managed to thoroughly complete the entire process before Algeta's ex-sales personnel first day as Bayer employees, so this entire bridging-over process with Excel could be avoided.

As we see in many M&A processes, there was a lot of secrecy about details due to the sensitivity of issues involved, such as employment, roles, etc. This secrecy added another element of challenge to the implementation and the fundamental requirement to keep it fast and accurate.

The Solution

The Verix solution is designed as analytical applications that automate the management of an entire process. For the merged Algeta-Bayer sales force the key applications implemented were Sales Performance Management, Sales Force View, and Prescription Tracker, which is specifically designed for patient level tracking of specialty pharma administration. These applications serve different constituents in the sales organization – regional and area managers, sales executives, as well as sales reps, with tailored access privileges per need of each role.

In the field, the essential two applications are Physician Card and Call Activity. These are the main tools of every Bayer rep when calling on targeted prescribers. Unlike CRM tools that provide basic details, Verix provides Reps in the field with analysis rather than data, with insights rather than figures, allowing them to make educated decisions at real time.

Another application that is critical for new drug launches and important for general drugs, is Site License Monitoring, which tracks preparation for any changes with licensing and then adherence to the latest disciplines.

Finally, Account Card, holds abundance of essential information and serves as a central point to analyze any aspect of a certain account.

The Verix solution for sales operations is widely used among Field Sales, Regional managers, and Sales management. About 180 daily users on this project.

The solution wasn't only about the final result but also about the process of arriving at the optimal solution. Before the merger took place and during its early phases, Verix implemented a Tracking and Comparison application that allowed useful analysis of the two sales forces and quickly pointed out what should be kept and what should be changed for the merged sales force. The Tracking and Comparison application is an indispensable tool to analyze and compare options and selecting the more effective one. Another useful implementation of Verix's Tracking and Comparison application is in co-promotion analysis situations, where it pinpoints which promotion bears the most fruit.

Results

The Verix solution for the merged Algeta-Bayer sales force was up and running on day one of Algeta's employees wearing a Bayer badge. With zero downtime and literally no painful bumps on the road, results couldn't have been better. The resulting solution not only was rapidly developed, it was comprehensive and reliable from the get go. The careful, methodical preparation definitely paid off.

The merger enriched the solution by taking in the good of both worlds. Both sales forces brought to the table best practices and valuable experience, which they had an opportunity to share and influence the final product. Verix's sandbox process is specifically designed to learn from the field and incorporate years of experience into the automated analysis. It allows the enablement of combinations of new and old alignments, to test and evaluate which combination yields the best results.

Efficiency is a significant factor in any operational process and of course, was important in this project as well. The elimination of down time already marks the project as great success. The effective alignment pointed out areas of redundancy and allowed for another benefit – the reduction of unnecessary expenses and headcount. Before the merger, Bayer had over 100 territories. After the alignment, today the same area is covered by 85 territories.

Since the benefits of a BI solution are more qualitative than quantitative, it is difficult to measure success and compare analytical solutions. Our experience shows, that solutions that bring about real value to the

organization, will be used and continue to be used over time, while solutions that weren't planned carefully to address real needs in an effective manner, will see a fast decline in usage. With that belief, Verix constantly measures the utilization of its solutions as part of the cloud based service. In this project, utilization level is constantly around 86%, which is extremely high. No doubt that the users across the sales operations organization appreciate the value they're getting from using the solution and keep going back to it as a major working tool.

Conclusions

Looking back at the M&A process, it is considered a great success. The fact that from day one of the merge every aspect of the Sales organization was synchronized with the new situation allowed for smooth and efficient operation. The agility and flexibility of the platform was a key factor in handling the many issues that come up in a merger situation quickly and effectively.

Involving the ex-Algeta users to influence the final product enriched it on one hand, and increased their team spirit on the other, turning the merged sales force into a very successful team.

The same practice can also be used to align and merge internal sales forces. We often see redundancy and inefficiencies within our commercial operations. This successful experience encourages the notion that a change for the better can and should be done. With the right preparation and meticulous planning as described in this case, risks are eliminated and benefits are clear.