



Global Biopharmaceutical Manufacturer Adopts Revitas Solution Suite to Optimize Contract, Revenue, and Compliance Management

Did You Know?

Revenue leakage is a major problem:

- Revenue leakage costs pharmaceutical manufacturers 4.4% of overall revenue annually*
- On average, manufacturers overpay managed care rebates by 5.5% and Medicaid rebates by 4.5%*

Lack of contracting strategy is hurting pharmaceutical companies:

- Health care and pharma companies estimate that improvements in contracting strategies alone could have a positive impact on revenue of over 11%**

* IACCM, 2012

** IDC Health Insights

In the life sciences industry, pharmaceutical manufacturers must deliver safe, effective drugs while also ensuring equitable returns for shareholders. With both established industry players and new market entrants competing for business, companies' concerns about revenue leakage take center stage. In such a complex industry, organizations seek solutions that will enable them to protect revenue and maximize their margins – all while maintaining compliance with strict government regulations.

Navigating the complexities of government regulations remains a key priority for pharmaceutical companies. Penalties for noncompliance are severe, and reporting burdens are continually expanding in size and scope. Pharmaceutical companies must address the complex requirements that exist today while keeping their processes flexible enough to incorporate near-constant change.

The Challenge

One global biopharmaceutical manufacturer balances the intensive work effort for compliance reporting programs with vigilant attention to the harmful impact of contract revenue leakage. The company manages billions of dollars in revenue by means of detailed B2B sales contracts. Like many innovators in the industry, this manufacturer incorporates a complex mix of post-sale incentives (rebates, chargebacks, and other incentives) into its sales programs. As its business grew, the company found that managing chargeback and rebate processes was becoming a challenge and a concern. Processing incentives manually, required each incoming request for payment to be validated by verifying eligibility and recalculating payment accuracy by hand. Discrepancies and errors in these processes were a burden on resources and were becoming a major source of revenue leakage – all leading to a negative impact on the bottom line.

In addition, contracting processes within the company were becoming more and more unmanageable. The manufacturer was handling a large volume of high-stakes contracts with complex terms and conditions. There was no central storage for contracts – they were being saved on multiple share drives, making it difficult to ensure the correct, most current version was in use during the approval process.

Two other major functions – compliance and reporting – were severely impacted by the under-management of pricing and contracts within the organization. Compliance with both internal and government regulations was difficult to monitor. There was no system in place to educate employees on compliance regulations, validate information against requirements, or create proper audit trails. Reports were being generated from spreadsheets. This manual process was cumbersome, highly subject to human error, and lacked security. Maintaining and proving compliance was pushing the limits of what the company's manual systems could support.



The Solution

In order to manage its commercial rebates, the manufacturer implemented an off-the-shelf software solution that would automate, validate, and streamline rebate processing. After using it for some time, the company recognized that the system did not meet all of its requirements – such as management of complex contracting or compliance and reporting functions. The manufacturer launched a search for a more comprehensive solution, but found it difficult to find a solution that would handle both its needs for contract and revenue management.

After evaluating several alternatives, the company selected Revitas Revenue Manager® for the management of chargebacks and rebates. While evaluating Revitas Revenue Manager, it investigated solution options to enable automated compliance, provide a comprehensive contract management system with repository, and customize and streamline reporting. For its contract management needs, the company needed a full contract management solution that would automate and track its offer development process as part of contract management in order to meet stringent internal search and reporting requirements — a deal-breaker requirement.

The Revitas™ solution suite was the only solution that would meet all of the manufacturer's requirements. Revitas offers several modules for the company to meet its requirements for comprehensive, integrated management of contracts pricing and compliance. Revitas Revenue Manager is a dynamic revenue management engine for defining and managing pricing incentives. Revitas Contract Manager™ is an automated system for the authoring, management, and storage of

contracts. Revitas Validata® is a leading solution for the processing, validation, and analysis of prescription level data from managed care trading partners. The company also added on additional modules – Revitas Government Pricing™, Revitas Medicaid Rebates™, and Revitas Advanced Membership™.

The systems fully integrate via the Revitas Flex™ software platform, so that each can seamlessly share data related to pricing, incentives, and other key contract terms. This streamlines information management, eliminating the need for duplicate processes and minimizing the possibility of error.

The Results

The systems fully integrate via the Revitas Flex™ software platform, so that each can seamlessly share data related to pricing, incentives, and other key contract terms. This streamlines information management, eliminating the need for duplicate processes and minimizing the possibility of error. Phase Three completed the implementation with Revitas Government Pricing and Revitas Medicaid Rebates. A compliance module, Revitas Government Pricing enables the company to ensure accuracy of pricing and create comprehensive reports to maintain and prove compliance with government drug program requirements. Revitas Medicaid Rebates helps the company to ensure accuracy of payments and to meet the specific compliance requirements of the Medicaid Drug Rebate Program. The integration of contracts, revenue, and compliance delivers

A Look at What's Next

The integration of contracts, pricing, and compliance delivers clear benefits across the enterprise. This pharmaceutical manufacturer has quickly realized the rewards. To further enhance the benefits of the integrated system, the manufacturer has planned to augment the suite with additional modules, such as Government Pricing and Medicaid Rebates.

Strict government regulations on pricing require manufacturers to make payments to government agencies when in violation of best-price requirements for these sales. The manufacturer needs to be able to determine a contract pricing structure that optimizes profitability and maximizes sales volume without risking violation of government best price. Revitas Government Pricing will enable the company to ensure accuracy of pricing and create comprehensive reports to maintain and prove compliance with government drug program requirements. Revitas Medicaid Rebates will help the manufacturer to ensure accuracy of payments and to meet the compliance requirements of the Medicaid drug rebate program.