



Generic Pharmaceutical Manufacturer Supports Rapid Growth with Automated Contract and Revenue Management

Did You Know?

On average, generic medications cost about **80-85% less** for both payer and patient.

The patent cliff is real - more than **25% of revenue** from branded drugs has been lost to patent expiration in the past five years.

More than **2.6 billion** prescriptions are filled with generic products

Generics account for **70% of all prescriptions** dispensed, but only **16% of revenue dollars** from prescriptions

By 2017, it is expected that **86%** of dispensed prescriptions will be generic

The generics segment is growing at **7.8%** - a pace that is faster than the global pharma market

Source: www.fda.gov/best-price requirements for these sales.

Manufacturers of generic pharmaceuticals operate in a complex, highly-regulated market. With the segment growing at staggering rates, generics manufacturers face a number of specific challenges that can make growth and profitability more elusive than for their branded counterparts, such as intense downward pricing pressure and razor-thin margins.

An integrated approach to contract, revenue, and compliance management is vital to the overall health of the business. For generic manufacturers facing accelerated growth, a proactive approach is key to success.

As the volume of sales contracts grows, so does the diligence required for effective reimbursement strategies. Manufacturers that implement contract and revenue management systems will streamline processes, ensure accuracy of reimbursement payments, and improve abilities to support government compliance – all vital steps to ensuring profitable growth.

The Challenge

With an ambitious growth plan in place, the executive team at a generic pharmaceutical manufacturing company sought to prepare the company for rapid U.S. expansion - as much as tripling the current business over a three-year period. Initially, the team planned to leverage the company's ERP system in order to accommodate its growth trajectory – including management of complex pricing incentives and government compliance calculations. Although the ERP system adequately met the business's needs for basic financial accounting, the team soon determined that the ERP alone could not address the complexity and scale associated with the business's complex pricing and compliance reporting requirements. As a result, the team sought an extension to existing ERP capabilities to handle more complex contracting and revenue scenarios.

The company was aware of the implications of poorly managed chargebacks – miscalculations and inaccurate payment of financial incentives are a major source of revenue leakage. Implementing a robust system for to manage pricing and reimbursement was a top priority. Ultimately, this new system would need to integrate seamlessly with the ERP infrastructure, sharing master data and transaction information for accurate financial processing.



The Solution

After a thorough review process, the company selected Revitas Revenue Manager, the leading solution for pharmaceutical manufacturers for the management of complex contract revenue environments. Revitas Revenue Manager is a powerful, sophisticated revenue management engine for the definition, management, and execution of contract

The company was also concerned about streamlining its contract management processes. Revitas Revenue Manager validates payment calculations and information, but relies on data that is sourced from contract terms and conditions. With manual data entry this process could be subject to user error or omissions. To truly optimize pricing and reimbursement outcomes, the company considered the entire contract lifecycle, and sought a system that would automate contracting processes and integrate with Revitas Revenue Manager to share data.

The company made the decision to implement the fully-integrated system from Revitas to manage the entire contract lifecycle from contract creation to payment validation and execution to government compliance, more comprehensively addressing the needs of the growing company. It was an easy decision to implement Revitas Contract Manager for the automation and management of contracts. The system seamlessly integrates with Revitas Revenue Manager via the Revitas Flex platform – a standards-based, scalable, technology platform that provides the foundation for agreements to be managed holistically across the organization.

The Future

The integration of contract and revenue management within its fast-growing U.S. operations will enable the manufacturer to streamline business processes, safeguard revenue, reduce costs, and facilitate robust reporting. The company is just beginning to reap the rewards of its Revitas solutions. In future phases, it will consider its option to add Revitas Government Pricing and Revitas Medicaid Rebates to the suite.

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 must be able to determine a contract pricing structure that optimizes profitability and maximizes sales volume without risking non-compliance with government pricing regulations. Revitas Government Pricing will enable the company to ensure accuracy of pricing and create comprehensive reports to maintain and prove compliance with government drug pricing 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.

The Results

To accommodate a fast-paced rollout schedule, the company opted to host the solution with Revitas. Revitas Professional Services team led the implementation which accelerated the time to go-live.

With Revitas Revenue Manager and Revitas Contract Manager sharing data on the Flex platform, the manufacturer has fully automated all contracts and revenue management within its U.S. operations. When contracts are created and executed within Revitas Contract Manager, the contract meta-data – such as key pricing terms, conditions, or quantities – are automatically created within Revitas Revenue Manager. With this integration, the company is ensuring that terms from its contracts are being executed properly, avoiding errors and oversights that can lead to revenue leakage or missed revenue opportunities.

Furthermore, Revitas Revenue Manager fully integrates with the ERP system, enabling ease and accuracy of payment execution and financial reporting. Within Revitas Revenue Manager, claims are accurately validated and processed, before the information is delivered to the ERP system. The accounting department can be confident that the delivered information is accurate, because it is validated all the way back to the initial contract terms as a result of the integration between Contract Manager, Revenue Manager, and the ERP system enabled by Revitas Flex.