



Create winning tender strategies

Model **N**

WHITE PAPER

Tenders have become more commonplace in medtech procurement around the globe. In fact 85% of medtech revenue is derived from tenders. This trend is also encroaching on the pharmaceutical market, especially with the growth of generic drugs and vaccines, and tenders now account for anywhere from 25% to 40% of global pharmaceutical revenue.

The popularity of tenders rests in their ability to enable purchasers to run competitive procurement processes and increase transparency into evaluation criteria. Not only can purchasers use tenders to obtain the best possible purchase price, but they can also eliminate corruption and favoritism during the procurement process.

Unfortunately, for life sciences companies, as the use of tenders grows so does the complexity of managing the process. Tendering processes differ greatly among countries and purchasing organizations, and lately, organizations are cooperating across borders to achieve greater efficiency and effectiveness, creating new burdens with tender management.

This white paper will help you understand how you can streamline your global processes across the tender pipeline to improve visibility and increase your win rate.

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The challenges with tender management

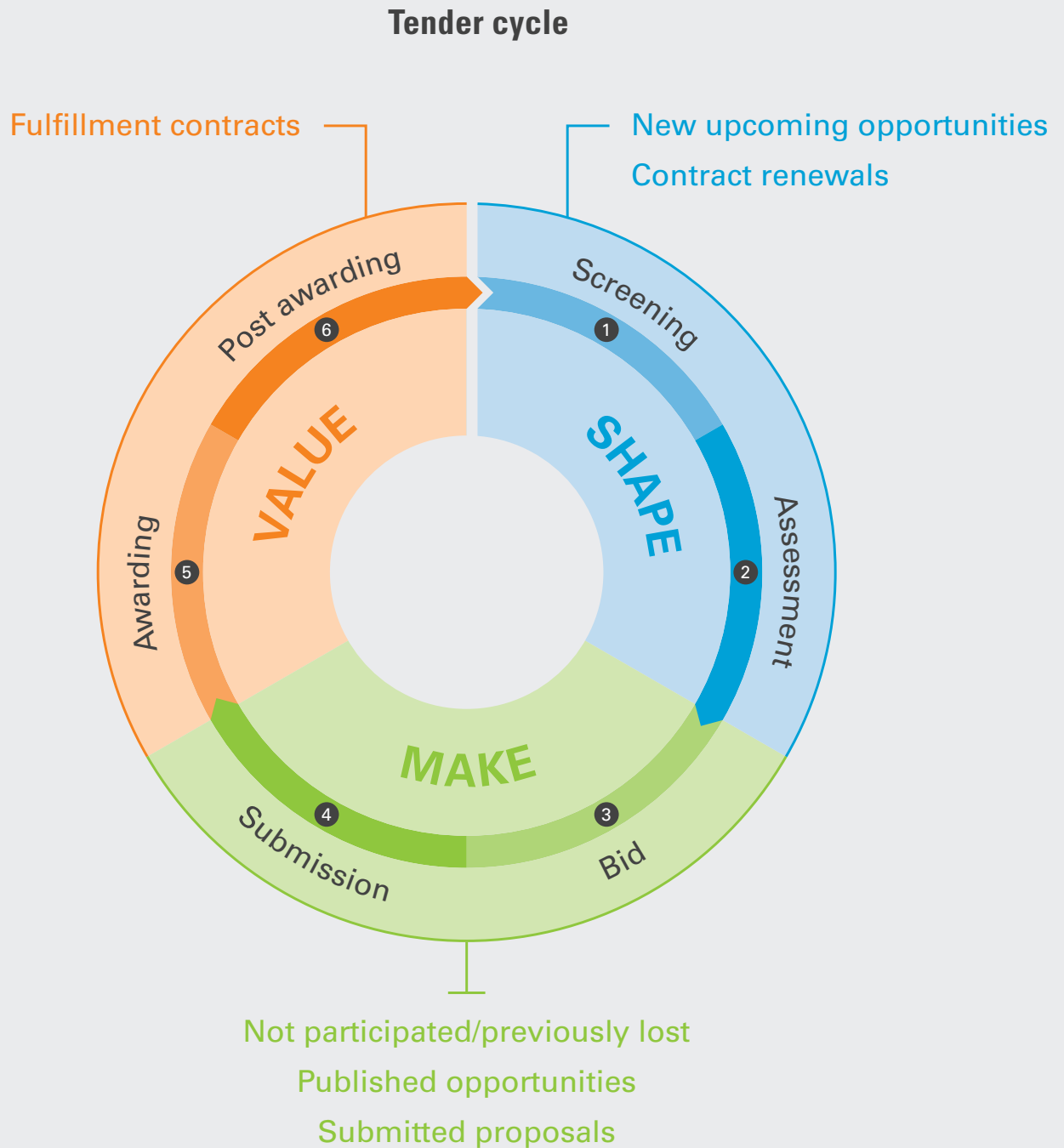
While historically most tenders were awarded annually, more procurement offices are beginning to rely on multiyear contracts to reduce administrative efforts and costs. This makes keeping track of upcoming opportunities even more important, as slow or incomplete responses could result in lost market share over longer time periods.

New legislation, higher specification standards, and payer purchasing consolidation makes it harder for medtech and pharma manufacturers to keep up with changes and effectively respond to opportunities. In fact, according to the IMS Market Access Outlook 2017-2022, two-thirds of local affiliates reported that they have crucial issues and inappropriate setups to support tender execution.

Most companies do not have visibility into tenders. They can't effectively identify tender opportunities early enough to craft an appropriate strategy. But once an opportunity is identified, they also run into difficulties tracking their processes and may miss deadlines or create incomplete submissions. Homegrown, manually intensive tools and fragmented processes across countries, regions, and markets only add to the pressure, resulting in siloed information and no consistency.

A lack of account, tender, and competitive data means companies can't effectively analyze wins and losses, govern prices, or understand the profitability of the deals they enter into. As a result, they're likely making poor pricing decisions or exposing themselves to the risk of supply penalties, litigations, and incorrect invoicing. These challenges ultimately result in lost revenue and market share.

Without a proactive approach to tender management, you could be on the hook for an unprofitable contract or get locked out of a market for up to 36 months. With the tendering and bidding process so crucial to doing business internationally, you need to establish a strong global tender management process – one that addresses the three main phases of the tender lifecycle.



Shape your tenders

Early identification of opportunities is key to your ability to develop a strategy and effectively respond to the tenders that are right for your company. There are many sources that you can use to find tenders worldwide – marketplaces, expiring contracts, and sales opportunities. However, without consolidating these opportunities in one location, you could miss the chance to influence the tenders before they're published.

Before a tender is published, you may be able impact the buyer's scoring criteria. It's important to understand what criteria will be used, as you may choose to simply not answer a tender if pricing is the exclusive deciding factor. With greater visibility into what's coming in the next month, three months, or six months, you can ramp up your outreach efforts to meet with buying groups to provide samples, demos, and information that could result in a modification of scoring criteria in your favor.

Most economically advantageous tender (MEAT)

Using MEAT criteria, buyers are able to consider qualitative, technical, and sustainable aspects of a tender submission along with price to select the bidder with the best price-to-value ratio.

Examples of criteria include:

- Quality
- Functional characteristics
- Accessibility
- After-sales service and technical assistance
- Delivery conditions
- Environmental and social standards

During the shape stage, you also need to take into account resource planning. Do you have the people who can properly work on developing strategies to respond to specific tenders? Should you win a tender, can your supply chain deliver what you bid? Do you want to even participate in a certain tender? These questions are more effectively answered when you have the time to think strategically, instead of trying to rapidly respond to an opportunity that you only just heard about and is closing in a week or two.

Key takeaways:



Manage all tender opportunities in a comprehensive calendar that's visible to all tender response teams.



Keep track of which tenders you plan to bid on so you can ensure you have enough resources to work on your strategies and that your supply chain can deliver on what's been bid on.



Build insight, including capturing competitive information, so you can prioritize the tenders that are right for your organization, as well as better craft better responses.

Make your tenders

When buyers issue tenders, they likely receive numerous responses – and are simply looking for ways to quickly eliminate as many bidders as possible from the decision set. It's vital that you submit on time, provide all the necessary documents, and address all their requirements. Otherwise, your entry will be disqualified or rejected.

Most tenders require a response within 35 days or less, and given the depth of the requirements, up to six different departments may be involved with crafting your response. There's no time to lose.

Submission teams need to work closely together. By establishing workflows, you can determine where approvals – on pricing, volume, legal terms, and more – are necessary and ensure that the right people sign off on the right criteria. Creating shared service centers for centralizing information and reducing repetitive tasks will increase efficiency across your teams, as well as reduce the risk of incomplete or inaccurate submissions.

Once you have your team in place, you need to focus on your offer. Using historic, competitive, and data on other tenders in your system, you can develop pricing and avoid significant price erosion. Sometimes tenders result in prices that are more than 50% below the original list price, with best-price analytics, you can confidently submit a price that you know will be profitable.

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Perhaps the most important step during this phase is keeping track of whether you win or lose. Should you win, you will want to keep track of sales to know that you haven't left money on the table by under-fulfilling your contracts.

On the other hand, if you lost the tender, gather information on why you lost, so you can improve the likelihood of winning in the future. And don't forget to build up your data set on your competitors – this is your chance to get valuable insight on them.

Key takeaways:



Collaborate and work smarter. With better visibility and process governance, you can effectively manage approvals and tasks – eliminating surprises and reducing the stress on everyone involved.



Leverage analytics and run simulations to arrive at the most profitable offer.



Keep track of your win-loss ratio. That's the only way you can truly evaluate your efforts.

Drive value for your tenders

Model N has found that most companies cannot answer how many tenders they've won or lost. They don't keep track – at least not on a global level. With all the money and time spent on your tendering process, you can't afford not to have this information.

Your win-loss record is the baseline for better decision-making. Once you have this information, you can start to drill into why you missed out on an opportunity and what you can do better next time.

But don't stop with win-loss reporting. Just because you win a tender doesn't mean that you will automatically see the sales materialize. By matching sales and shipment data to tender data, you can ensure that the quantities awarded were reached – so your business realizes the full potential of that tender.

Key takeaways:



Track sales to optimize contract potential.



Get and leverage insights into your business's tender performance; it's your key to improving future submissions.

Why Model N Global Tender Management?

Model N Global Tender Management helps you optimize your bids, streamline processes, and take a data-driven approach to tendering. Our cloud-based tender management solution improves collaboration and visibility among your global teams across the three phases of the tender lifecycle.

Shape your tenders	Make your tenders	Drive value for your tenders
<ul style="list-style-type: none"> Gain visibility into tender opportunities worldwide, with upcoming tenders and expiring contracts all in one system. Quickly identify and determine if you qualify for public tenders, so you can focus on the most critical opportunities. Develop a capture plan to shape the tender in your favor before publication, using criteria based on competitive data and scoring criteria. 	<ul style="list-style-type: none"> Streamline preparation by assigning tasks and tracking processes to mitigate the risk of failed or inaccurate submissions. Run simulations to arrive at the most profitable offer. Define approval pathways to save time and reduce errors, ensuring the right people approve the right tenders at the right time. 	<ul style="list-style-type: none"> Track sales to optimize contract potential. Generate win-loss and market share reports. Leverage insights into past performance and competitive information to improve future submissions.



Winning more tenders.

Learn how a global manufacturer of wound care and single-use surgical products has increased their win rate by focusing on relevant scoring factors. [Read the case study](#)

With Model N, you can manage tenders globally while enabling your teams to match their local processes. Through configurable templates, you can address the unique needs of countries, clusters, and regions, as well as support multiple currencies and languages. Ultimately, by shifting tender management from a siloed approach to a global process, you will be able to maximize revenue across regions and reference price ecosystems.

Model N Global Tender Management is available through Model N Revenue Cloud for Life Sciences – the industry’s only end-to-end, global revenue management platform that ensures commercial excellence. Model N enables consistency, compliance, and accuracy across your global contracting and tender management processes, while delivering a significant return on investment.

Ready to increase your win rate?

Get the insights and controls you need to more efficiently identify and respond to tenders, improve accuracy, and boost margins. See what Model N Global Tender Management can do for you – request a demo at www.modeln.com/schedule-demo.