

# Gross to Net (GTN) Modelling

## Designing a dynamic tool for detailed gross to net revenue modelling

All major pharmaceutical and biotech companies require an adaptive platform that would provide a clear view of flow of company's Gross-to- Net financials. The "Gross to Net" (GTN), in its essence, captures droppage accounted via promotional discounts and rebates

Viscadia has developed a GTN calculation platform to analyse the demand and pricing KPIs in an all-encompassing interactive GTN dashboard. It is designed to address all nuances related to federal rebates per US government policies.

**Specialized platform to calculate and aggregate commercial and federal discounts to understand revenue droppage**

## Challenges



### Federal channels

- › Accommodating inputs around varying federal discounts across different channels.



### Inventory consideration

- › Effectively incorporating inventory dynamics across channels and understanding demand distribution across channels.



### Average selling price (ASP)

- › Formulating relationship between Wholesaler Acquisition Cost (WAC) and various rebates and chargebacks to estimate Average Selling Price (ASP) across channels.



## Approach



### Channel segmentation

Accommodated various channels across nodes of distribution network during the flow of drug from manufacturer to the patient.



### Discount calculations

Incorporated operational nuances in the tool for different federal and non-federal channels to derive respective rebates/ discounts.



### Standardization route

Created a robust methodology to enable the user to function at Stock Keeping Unit (SKU) as well as Standard Unit (SU) level across various channels.



### Forward-looking tool

Ensured tool is equipped to forecast GTN for forthcoming years thus enabling user to devise well-informed strategies.



### Central repository

Created a one stop repository for all the KPIs, related to GTN, for downstream usage by finance and forecast teams.



### Scenario modelling

Provided functionality that provides user the flexibility to configure and compare different what-if scenarios on the fly.

## Outcomes

### End Deliverables

- A comprehensive tool with insights and outputs enabling analysis of GTN evolution over time.
- Accounting summary to help visualize the flow of discounts from top-line to bottom-line across each indication & channel as well as at overall level.
- User manual providing extensive documentation of model design and operation to facilitate easy knowledge transfer.

### Key Highlights

- Formulated ASP calculation and contractual relationship between Clinics & Group Purchasing Organizations (GPOs).
- Provided functionality to define custom drug distribution network, input pricing and SKU assumptions as required to understand discount impacts on net revenue.

### Impact

- **Immediate impact:** GTN would serve as an end-to-end tool to understand revenue droppage across various ends and channels and shape commercial strategy.
- **Long term impact:** GTN optimization would enable company leadership to make informed decisions, not only to drive the bottom-line growth but also to enhance competitive market positioning.