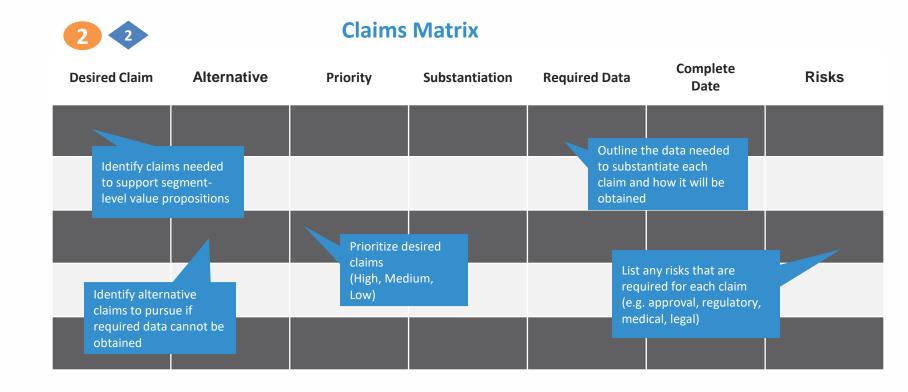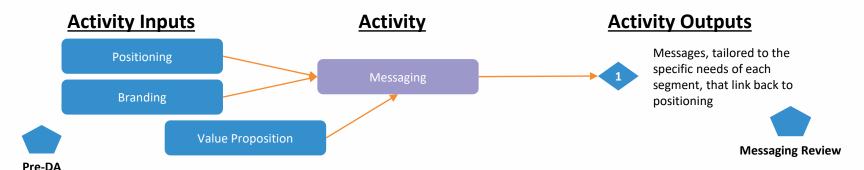# Messaging: Developing a compelling description of the product's benefits and differentiation that can be used in promotion to customers

Best Practices

▲ **Logical and Compelling Story:** Emanate messaging from positioning, where we established a believable and credible story

- Identify benefit bundles to be communicated by each theme and develop specific messages based on available claims
- Vet preliminary messages with sales force and adjust based on input

▲ **Market Customization:** Tailor messages to the specific needs of each targeted segment and market

- Engage regional marketing in customizing messages by market, beyond pure translation

▲ **Ongoing Refinement:** Validate messages with market research and refine messages based on learnings

- Test messages with "average" customers, not just KOLs

Activity Inputs   Activity   Activity Outputs

Positioning

Branding

Value Proposition

Messaging

1

Messages, tailored to the specific needs of each segment, that link back to positioning

Pre-DA

Messaging Review

Messaging Activity Completion Checklist

Messaging Tasks		O	A	C	I
Messaging Review	▪ Outline the logical and compelling story that your messages will communicate, ensuring that the story links back to the final positioning statement 　▪ Use framework 1a on slide 73 **1a**	GM	GM	B,RM	SC
	▪ Articulate message themes based on each component of the brand story framework, and develop preliminary messages within each theme 　▪ Use framework 1b on slide 73 **1b**	GM	GM	B	SC
	▪ Communicate preliminary messages to sales force and refine based on feedback	GM	GM	RM,SF	SC
	▪ Send final messages to the regions for translation and local customization 　▪ As necessary, customize messages by segment to address specific stakeholder pain points 　▪ Use template 1 on slide 74 **1**	GM,RM	GM	SF	SC
	▪ Validate messages with customer message-testing studies and refine based on results	GM	GM	RM	SC

FRAMEWORK 1 – Messaging Brand Story Framework

1A

Brand Story Outline

Brand Story Framework

1 Problem Setup
- What customer need is currently unmet by available products?

2 Promise
- How will our brand address this need in the minds of customers?

3 Reasons to Believe
- Why should the customer believe in our brand promise?

4 Additional Benefits
- What other benefits and value does our brand provide to customers?

Ensure that brand story links back to the single positioning statement

1B Brand Story

- **Message Theme #1**
- Message
- Message

- **Message Theme #2**
- Message
- Message

- **Message Theme #3**
- Message
- Message

- **Message Theme #4**
- Message
- Message

Marketing Mix: Outlining the strategic and tactical investment plan for the use of different channels to reach the various customers and key stakeholders

Best Practices

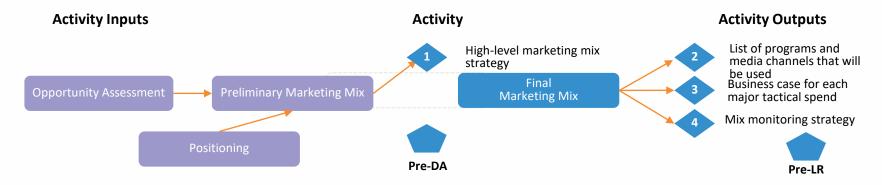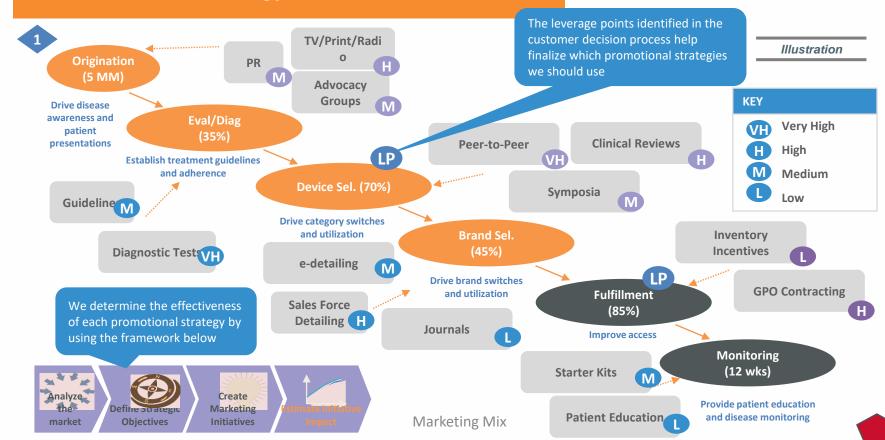▲ **Customer Decision Process Linked with Opportunities:** Use leverage points identified during opportunity assessment to prioritize steps in the process for promotional intervention

▲ **Business Case Definition:** Outline tactics (meetings and events, journal ads, webinars, sales force effort, etc.) to drive change at decision points (within the customer decision process) and build rigorous "business case" for each major tactical spend

  ▪ Outline objectives, content, target audience, participant recruitment, and costs

▲ **Activity Decomposition:** Identify specific steps to complete each activity (# of targets participating, material creation, etc.) and outline costs to determine preliminary ROI

  ▪ Set realistic assumptions for quality of execution and create ROI sensitivity analysis based on engagement rate

▲ **Mix Monitoring:** Determine how to track effectiveness of each promotional tactic in driving the desired change in behavior

Activity Inputs	Activity	Activity Outputs

Activity Inputs

Opportunity Assessment → Preliminary Marketing Mix

Positioning

Activity

1 — High-level marketing mix strategy

Final Marketing Mix

Pre-DA

Activity Outputs

2 — List of programs and media channels that will be used

3 — Business case for each major tactical spend

4 — Mix monitoring strategy

Pre-LR

Marketing Mix Activity Completion Checklist

Marketing Mix Tasks	O	A	C	I
Pre-DA ▪ Outline high-level marketing mix strategy based on leverage points in the customer decision process ① ▪ Use framework 1 on slide 77	GM	GM	B,RM	SC
Pre-LR ▪ Create final list of tactics that will be used to market the product ▪ Outline the objectives and content of each tactic ▪ Identify target audiences ① ▪ Estimate itemized costs ▪ Use template 1 on slide 78	GM	GM	B,RM	SC
▪ Determine preliminary ROI for each tactic and perform sensitivity analyses	GM	GM	B	SC
▪ Determine appropriate spending within and across marketing tactics	GM	GM	B,FI RM	SC
④ ▪ Outline process for tracking and evaluating the effectiveness of individual tactics and the overall marketing mix	GM	GM	B,RM	SC

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FRAMEWORK 1 – Customer Decision Process Linked with Promotional Strategy

1

1

The leverage points identified in the customer decision process help finalize which promotional strategies we should use

Illustration

KEY

VH	Very High
H	High
M	Medium
L	Low

Origination (5 MM)

TV/Print/Radio **H**

PR **M**

Advocacy Groups **M**

Drive disease awareness and patient presentations

Eval/Diag (35%)

Peer-to-Peer **VH**

Clinical Reviews **H**

LP

Establish treatment guidelines and adherence

Device Sel. (70%)

Symposia **M**

Guideline **M**

Diagnostic Tests **VH**

Drive category switches and utilization

Brand Sel. (45%)

Inventory Incentives **L**

e-detailing **M**

LP

GPO Contracting **H**

Drive brand switches and utilization

Sales Force Detailing **H**

Fulfillment (85%)

Journals **L**

Improve access

We determine the effectiveness of each promotional strategy by using the framework below

Analyze the market → Define Strategic Objectives → Create Marketing Initiatives → Estimate Initiative Impact

Starter Kits **M**

Monitoring (12 wks)

Patient Education **L**

Provide patient education and disease monitoring

Marketing Mix

TEMPLATE 1 – Marketing Tactics

① ② ③

	Description of Tactic(s)	Objectives of Tactic	Key Messages	Target Audience	Costs
Usage Driver 1					
Usage Driver 2					
Usage Driver 3					
Usage Driver 4					
Usage Driver 5					
Usage Driver 6					

List all tactics that will be used to market the product (as identified using the customer decision process)

Outline objectives for each tactic
- Link objectives to product positioning and segment objectives identified during Segmentation & Targeting

Describe the key messages communicated through each marketing tactic

Specify the segments and/or regions that will be targeted for each tactic

Estimate costs of deploying this tactic, breaking out separate costs where appropriate
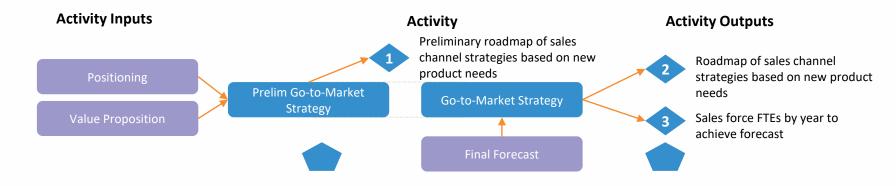
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Go-to-Market Strategy: Communicating product information to sales leadership to help prepare the sales force to effectively launch the new product

Best Practices

▲ **Sales Channel Strategy:** Outline potential sales channel changes for new product, including effort allocation, size and structure, territory structure, account planning, and distributor sales process

- ▪ Revisit sales force structure, size, and deployment to align with magnitude and requirements of the opportunity

▲ **Compensation Design Input:** Communicate, to sales leadership, potential issues to consider for compensation plan changes and adjustments to drive appropriate new product selling effort and motivation

- ▪ Engage regions in developing effective compensation motivation for both direct and distributor sales channels

▲ **Sales Channel Support:** Create distinct communication loop to ensure launch feedback (selling process, product "wins," product issues, etc.) is collected from and disseminated to the sales force

Activity Inputs

Activity

Activity Outputs

Positioning

Value Proposition

Prelim Go-to-Market Strategy

Go-to-Market Strategy

Final Forecast

1 Preliminary roadmap of sales channel strategies based on new product needs

2 Roadmap of sales channel strategies based on new product needs

3 Sales force FTEs by year to achieve forecast

Go-to-Market Strategy Activity Completion Checklist

	Go-to-Market Strategy Tasks	O	A	C	I
Pre-DA	▪ Preliminarily outline current and future sales force / sales channel products, activities, and customers ▪ Discuss any specific sales force changes needed based on new product **1a** ▪ Use template 1 on slide 82 **1a** ▪ Use framework 1 on slide 81	GM	GM	RM,SF	SC
Pre-LR	▪ Finalize outline of current and future sales force / sales channel products, activities, and customers ▪ Finalize specific sales force changes required by the new product **1b** ▪ Use template 1 on slide 82 **1b** ▪ Use framework 1 on slide 81	GM,RM	GM	SF	SC
	▪ List the number of sales force FTEs needed in each year to achieve annual forecasts **2** ▪ Use template 2 on slide 83	GM	GM	RM,SF	SC
	▪ Outline feedback loop for sales force issues / opportunities / successes to be shared	GM	GM	RM,SF	SC

FRAMEWORK 1 – Sales Force Requirements

1A   1B

1

Activities

Sales activities that the sales reps / distributor is involved with (across new product and in-line products)

Relationship mgmt
Training / support
Referral generation
…

Customer Segments

Physicians

Clinicians – Hospital based

…

Customers that sales reps / distributors work with during sales process

Products

IPK   *Next Gen*   *…*

Products that are in the "bag" for the sales reps and distributors

Outline recommended sales force / channel implications due to influence of new product

- Requires rep to see new call point

- Requires significant effort to drive trial or pull-through

- Increases rep product portfolio to a potentially unmanageable size

- Etc.

TEMPLATE 1 – Sales Strategy

1A   1B   ◆ 1

	New Product Description	Change from Current In-Line Products	Sales Strategy (Go-to-Market Strategy)
Activities	▸ Describe the expected process for the new product for each aspect	▸ Outline specific changes that the new product will have from the in-line products for each aspect	▸ Describe possible changes to address current sales channel "gap" (e.g. sales force structure change, compensation change, alignment change, etc.)
Call Points			
Sales Process			

Define the various selling aspects of the new product

TEMPLATE 2 – Sales Force Time Allocation

	Current % Time Allocation	Proposed % Time Allocation	Current FTEs	Proposed FTEs
New Product	0%			
Product 1				
Product 2				
Product 3				
…				
TOTAL	100%	100%		

Include a row for each product carried by the sales force

Enter the current and proposed sales force sizes in the Total row, then calculate FTEs by product

Fill out this template for each region or sales team, as appropriate

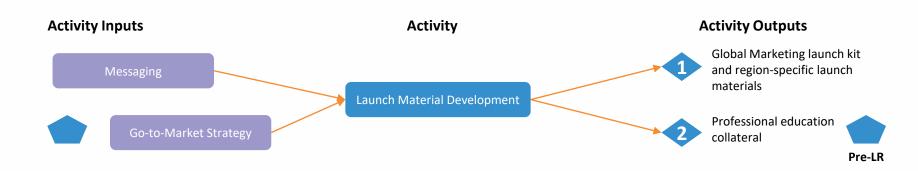BRAND | MARKETING

Launch Material Development: Preparing marketing media and channels to disseminate product information to key audiences

Best Practices

▲ **Media Channel Strategy**: Define marketing strategies and action plans to reach each key audience segment (clinical, non-clinical, consumer, payer, etc.)
  - Integrate regional teams into media strategy and communication tactics definition

    Outline appropriate media channels (articles, websites, video, trade shows, direct mail, etc.) to reach audience segment

    Develop communication tactics for each audience segment
  - Focus on professional education development for clinicians (articles, conferences, sales force involvement, etc)

▲ **Market Customization**: Outline local market adaptation needs for launch materials
  - Work with regional teams to identify materials needed and responsibility for updating / translating materials

Activity Inputs	Activity	Activity Outputs

Messaging → **Launch Material Development** → **1** Global Marketing launch kit and region-specific launch materials

Go-to-Market Strategy → **2** Professional education collateral

Pre-LR

Launch Material Development Activity Completion Checklist

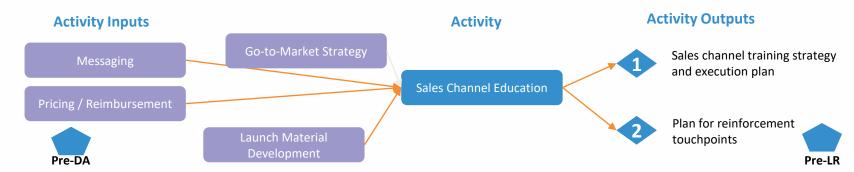|	Launch Material Development Tasks	O	A	C	I
Pre-LR	▪ Identify potential audience segments and marketing strategy to reach segment ▪ Outline appropriate media channels to reach segment ▪ Finalize regional market customization needs of each launch material component for initial launch **1** ▪ Use template 1 on slide 86	GM	GM,B	SF,RM	SC
	▪ Conduct market research to test launch materials on targeted segment and make adjustments as necessary ▪ Create claims matrix, gain/maintain MLR approval on base claims ▪ Create appropriate global marketing collateral (per appropriate launch level/NPD category*), training, and media, including material for websites	GM	GM,B	SF,RM	SC
	▪ Modify/adjust marketing collaterals to meet regional needs and submit for MLR approval (per regional SOP)	RM	RM	GM,B	SC
Post-Launch	▪ After launch, regions are responsible for maintaining current and creating additional (and getting appropriate approvals for) local marketing materials – all media, including region-specific websites ▪ Global Marketing is involved in the material approval process	RM	RM	GM,B	SC

TEMPLATE 1 – Launch Material Strategy

1 1 2	Marketing Strategy	Media Channels	Regional Customization
Primary Targeted Segment (Prime Prospects)	▪ Outline marketing strategy objective for segment (e.g. focus on professional education, focus on in-office training, etc.)	▪ Define media channels and tactics to reach segment (e.g. articles, websites, video, trade shows, etc.)	▪ Outline local market adaptation needs for launch materials (e.g. translation, wording change, etc.) ▪ Work with region managers to finalize customization timeline
Secondary Targeted Segment (Strategic Targets)			
Additional Targeted Segments (Broad Targets)			

Targeted segments listed here are those that were identified during Segmentation & Targeting

Add rows for additional targeted segments as necessary

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Sales Channel Education*: Creating product education materials to enable the sales channels to sell the new product effectively to its call points

Best Practices

▲ **Needs Definition:** Outline sales channel training needs for new product, including understanding of call points, sales process, messaging, positioning, targeting, pricing / reimbursement, and use of promotional materials

▲ **Training Development and Execution:** Conduct sales training for each region prior to product launch

- Develop training with input from sales / marketing leadership and "average" sales representatives – Pilot training with field to test the training, simulated procedures, etc.

- Engage region managers in defining new product training for distributors

- Focus training on actionable activities with distinct role playing and case studies

✓ **Reinforcement and Reminders:** Execute follow-up training after launch to answer outstanding questions and to reinforce key training takeaways

- Understand initial sales experiences and customer pushback to help reps overcome objections

Activity Inputs	Activity	Activity Outputs
Messaging		
Go-to-Market Strategy	Sales Channel Education	**1** Sales channel training strategy and execution plan
Pricing / Reimbursement		**2** Plan for reinforcement touchpoints
Launch Material Development		

Pre-DA

Pre-LR

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Sales Channel Education Activity Completion Checklist

Sales Channel Education Tasks	O	A	C	I
Pre-LR ▶ Define the training needs for the sales force / sales channel and the objective for the training ▶ Work with Brand to determine the necessary training tactics ▶ Outline how the training will be reinforced once the product is launched **1** Use template 1 on slide 89	GM,B	GM,B	SF,RM	SC

TEMPLATE 1 – Training Objectives and Materials

1   **1**   **2**

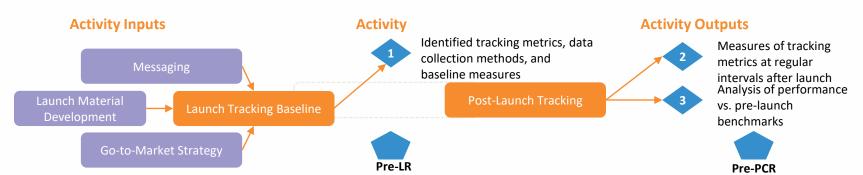| Training Needs / Objectives	Training Tactics	Training Reinforcement
▶ Outline why the sales team / channel needs to be trained on the specific category (e.g. description of call point change, description of sales process change, etc.)	▶ Describe the training tactics that will be used to fill the sales force / channel knowledge gap (e.g. in-person role play, online anatomy training, etc.)	▶ Outline post-launch training reinforcement plan to ensure that reps are understanding and utilizing the training ▶ Ensure that feedback loop exists from sales team to product manager

Launch Tracking: Defining metrics and processes used to track launch success and to facilitate post-launch strategy adjustments

Best Practices

▲ **Metrics Linked with Strategy:** Outline key launch metrics to track during pre- and post-product launch (including customer attitudes, behaviors, promotional activities, etc.)

 ▪ Define processes for collecting necessary data inputs (primary / secondary research, finance, etc.) before launch of product and promotional materials

▲ **Pre-Launch Baseline:** Capture baseline assessments of all launch metrics to understand the state of the market before product launch

 ▪ Integrate local and regional teams into metric determination and tracking

▲ **Periodic Market Feedback:** Plan periodic checkpoints after launch to collect launch data and define strategy adjustments based on outcomes

 ▪ Create distinct communication loop to ensure launch feedback is collected from and disseminated to the sales force and the regional marketing teams

Activity Inputs

Activity

Activity Outputs

Messaging

Launch Material Development

Launch Tracking Baseline

Go-to-Market Strategy

1 — Identified tracking metrics, data collection methods, and baseline measures

Post-Launch Tracking

2

3

Measures of tracking metrics at regular intervals after launch
Analysis of performance vs. pre-launch benchmarks

Pre-LR

Pre-PCR

Launch Tracking Activity Completion Checklist

	Launch Tracking Tasks	O	A	C	I
Pre-LR	▪ Identify key metrics for evaluating launch success and define process for capturing necessary data 　(1)　▪ Use framework 1 on slide 92 to inform metric selection 　(1a)　▪ Use template 1a on slide 93 to record chosen metrics	GM	GM	RM	SC
	▪ Capture baseline measures of all launch tracking metrics 　(1a)　▪ Use template 1a on slide 93	GM,RM	GM	RM	SC
Pre-PCR	▪ Record measures for launch tracking metrics at regular intervals after the launch 　(1b)　▪ Use template 1b on slide 93	GM	GM	RM	SC
(3)	▪ Periodically analyze performance compared to pre-launch benchmarks and adjust strategy as necessary	GM	GM	RM,SF	SC
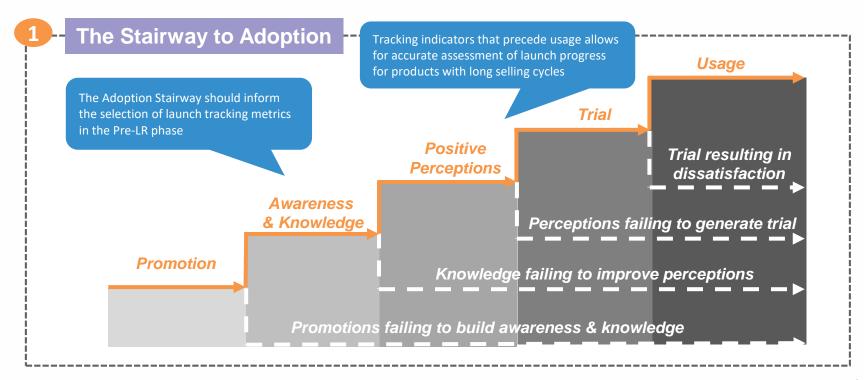
FRAMEWORK 1 – The Stairway to Adoption

1 **The Stairway to Adoption**

Tracking indicators that precede usage allows for accurate assessment of launch progress for products with long selling cycles

The Adoption Stairway should inform the selection of launch tracking metrics in the Pre-LR phase

Usage

Trial

Positive Perceptions

Awareness & Knowledge

Promotion

Trial resulting in dissatisfaction

Perceptions failing to generate trial

Knowledge failing to improve perceptions

Promotions failing to build awareness & knowledge

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TEMPLATE 1 – Launch Tracking Metrics

1A ◆1   **1B** ◆2

Metric	Method for Data Collection	Baseline	6 months post-launch	12 months post-launch	18 months post-launch

Tracking metrics should capture relevant indicators along the Stairway to Adoption

As appropriate, metrics should be tailored to each region and segment

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Forecasting: Creating a data driven model to project the financial outcome of a product launch years into the future

Best Practices

▲ **Consistent Model:** Build consistent, clear, and repeatable forecasting model based on top-down (think-big mentality) and bottoms-up (workload build-up) approaches

- Engage in further market research as appropriate to define and confirm initial market assumptions

- Outline key data inputs used in model

- Define key forecasting assumptions clearly and explicitly within model

- Layer in assumptions about product uptake and sales process to refine the output

- Review assumptions with region teams and, when appropriate, with the customer (sales uptake, etc.)

▲ **Local Resource Engagement:** Engage region teams early and often to ensure understanding, acceptance, and buy-in prior to submitting final expectations

▲ **Ongoing Refinement:** Refine forecast throughout the product launch to create an ambitious but realistic forecast

- Build organizational confidence in final forecast by engaging regions and other stakeholders in model refinement

The forecasting process is flexible based on project needs… The amount of rigor put into a product's forecast should be determined by the project team and reviewed with the steering committee during the project kick-off meeting

Forecasting Activity Contents

Forecasting Overview

▶ Forecasting framework and definition
▶ Forecasting process timeline and checkpoints for each steering committee meeting
▶ Forecasting tasks and OACI matrix

Forecasting Model Definition

▶ Forecasting model process overview and best practices
▶ Forecasting model structure

Forecasting Communication

▶ Templates to communicate forecasting model, assumptions, and outcomes
▶ Template to communicate assumption changes
▶ Template to track forecasting numbers and final assumptions

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A credible forecast is created based on three key ingredients, all of which are important as we define the forecasting process

Consistency   … through applying the same framework, logic structure, and decision paradigm across products and markets

Objectivity   … through input across functional areas, structured input from your customers, and experience

Transparency   … from full documentation of underlying structure, input assumptions, variable uncertainties, and effectiveness tracking
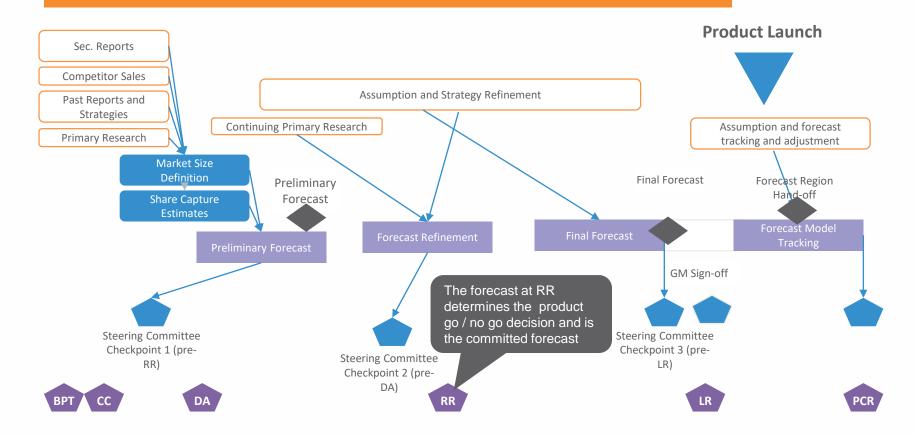
Credibility   … via quality review of the inputs, robustness of the evaluation model, multiple simulations, appropriate reviews, and ongoing tracking

The forecasting process outlined in the following sections allows us to create a forecast that meets these specific criteria

The proposed forecasting process includes multiple touch points for additional stakeholders to review and confirm the forecast

Pre-RR checklist tasks

Pre-RR Forecasting Tasks	O	A	C	I
Pre-RR ▪ Define market size by country / region and by segment — (1) ▪ Use template 1 on slide 118	GM	GM	RM,F	SC
▪ Review analog products from EW CC history to determine appropriate initial peak share and adoption curve estimates	GM	GM	RM,F	SC
▪ Define preliminary peak share and adoption curve for "top-down" model — (2) ▪ Use template 2 on slide 119	GM	GM	RM,F	SC
▪ Define sales channel effort required to convert account and project cust. conversion success rate — (3) ▪ Use template 3 on slide 120	GM	GM	RM,F	SC
▪ Outline "bottom-up" model outcomes — (4) ▪ Use template 4 on slide 121	GM	GM	RM,F	SC
▪ Create "top-down" model chart and "bottom-up" model chart to outline potential for product and define preliminary forecast based upon stakeholder / region agreement — (1) ▪ Use framework 1 on slide 115 ▪ Create preliminary forecast financials — (2) ▪ Use framework 2 on slide 116	GM	GM	RM,F	SC
▪ Begin outlining preliminary forecasting scenarios — (5) ▪ Use template 5 on slide 122 — (3) ▪ Use framework 3 on slide 117	GM	GM	RM,F	SC

Pre-PCR checklist tasks

Pre-PCR

Pre-DA / LR Forecasting Tasks	O	A	C	I
■ Update all slides throughout forecasting section with final assumptions and forecasts	GM, RM	GM, RM	RM,SF	SC
■ Track product sales monthly against the forecast, track against base forecasting assumptions (e.g. adoption curve, account conversion time, etc.), and adjust sales / marketing strategy as necessary **9** ■ Use template 9 on slide 126	GM, RM	GM, RM	RM,SF,F	SC
■ Transfer final forecast model to regional marketing so they can update and / or integrate it with their ongoing forecasting process	GM, RM	GM, RM	RM,SF, GM	SC

Forecasting Activity Contents

Forecasting Overview

▶ Forecasting framework and definition
▶ Forecasting process timeline and checkpoints for each steering committee meeting
▶ Forecasting tasks and OACI matrix

Forecasting Model Definition

▶ Forecasting model process overview and best practices
▶ Forecasting model structure

Forecasting Communication
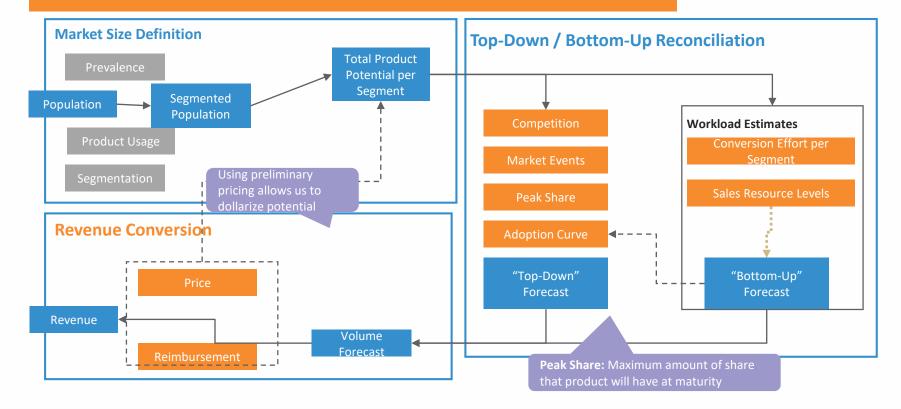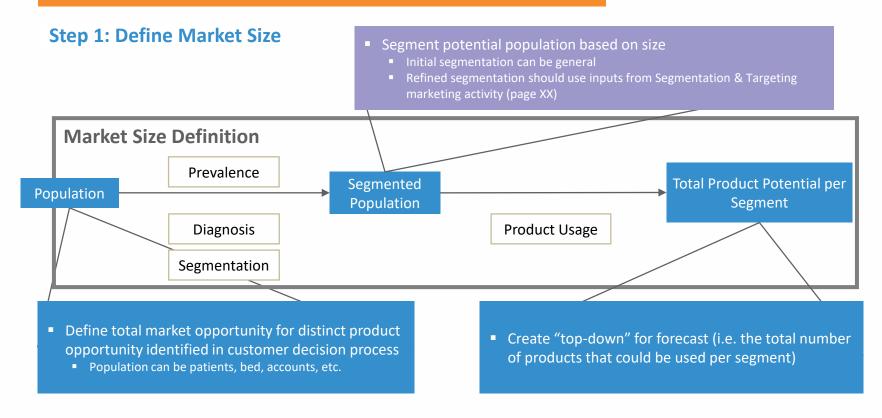
▶ Templates to communicate forecasting model, assumptions, and outcomes
▶ Template to communicate assumption changes
▶ Template to track forecasting numbers and final assumptions

The generalized forecast framework consists of defining both the "top-down" (top-down) forecast and our "bottom-up" (workload build-up) forecast

Market Size Definition

Prevalence

Population → Segmented Population

Product Usage

Segmentation

Total Product Potential per Segment

Using preliminary pricing allows us to dollarize potential

Revenue Conversion

Price

Revenue

Reimbursement

Volume Forecast

Top-Down / Bottom-Up Reconciliation

Competition

Market Events

Peak Share

Adoption Curve

"Top-Down" Forecast

Workload Estimates

Conversion Effort per Segment

Sales Resource Levels

"Bottom-Up" Forecast

Peak Share: Maximum amount of share that product will have at maturity

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To understand the total market potential for our product, we must first define the full available market size

Step 1: Define Market Size

- Segment potential population based on size
    - Initial segmentation can be general
    - Refined segmentation should use inputs from Segmentation & Targeting marketing activity (page XX)

Market Size Definition

Population → Prevalence → Segmented Population → Product Usage → Total Product Potential per Segment

Diagnosis

Segmentation

- Define total market opportunity for distinct product opportunity identified in customer decision process
    - Population can be patients, bed, accounts, etc.

- Create "top-down" for forecast (i.e. the total number of products that could be used per segment)

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We can use market research throughout the forecasting process to effectively determine our product's "peak share"

Step 2: Define Peak Share

During RR, when the forecast needs to become more precise, we can conduct external market research to validate our preliminary peak share and adoption curve assumptions

Share Capture Estimates

Pre-RR market research

Pre-DA market research

Less Precise → More Precise

Competition*

Market Events*

Peak Share

Adoption Curve

"Top-Down" Forecast

	1	**2**	**3**	**4**
	Tacit Knowledge Previous experience provides foundation for initial estimates	**Analog Analysis** Previous scenarios of similar products and / or markets provide data points for sanity checks	**Direct Primary Research** Physicians' opinions and reactions to a market event can provide valuable insights	**Choice Modeling** Simulates close to real-life situations, providing precise outputs of potential peak usage
Pros	• Simple to collect	• Effective indicator if market and product are similar	• Direct input on potential usage	• Most closely simulates real-life
Cons	• Market perspective can be outdated	• Appropriate Analog product / market may be difficult to find	• Customers tend to overstate new product usage	• More complex to execute

* Competitors are defined during competitive intelligence activity (pg. xx); Significant market events are identified during opp. assess. activity (pg. yy)

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Direct primary resource and choice modeling are two common methods for determining peak share; deciding which to use depends on the desired outcome

Research Type	Used when...	Example...
Direct Primary Research	▪ Questions are not well-defined, hypotheses must be generated through research, or in-depth understanding is required ▪ Questions are direct and basic	Direct individual and / or group interviews allow us to directly ask customers how likely they are to use the product or discuss some basic share allocation questions Discussion Guide · IDI · Group Interview
Choice Modeling	▪ Hypotheses are well defined and explicit comparisons between products are needed ▪ Peak share precision is expected and resource implications are abundant	Choice modeling allows us to compare specific product attributes (including features, pricing, positioning, sales rep, etc.) to "build" a profile with accompanying share (this forces the respondents to make choices between different product bundles and helps us understand the individual impact of each attribute) *Illustration*

	DPT Option 1	DPTOption 2	DPT Option 3	Option 4
Indications				
Pricing				None of the product options
Sales rep				
Features				
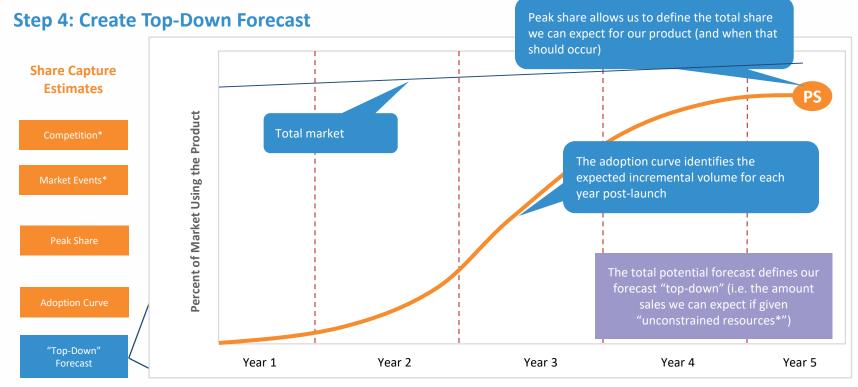
We can use adoption curves to help us understand the expected market share capture for our product over time

Step 3: Define Conversion Effort

Share Capture Estimates

Competition*

Market Events*

Peak Share

Adoption Curve

"Top-Down" Forecast

Percent of Market Using the Product

"S Shaped Curve"

"Fast Uptake Curve"

"Slow Uptake Curve"

There are different ways to define the expected adoption curve:
- Past product launches and sales rep activity levels
- Market research (conjoint and/or qualitative)
- Use analog products currently on the marketplace
- Workload build-up*

The adoption curve for each product launch becomes an evolving source of knowledge and information that can be leveraged for future products

Innovators (2%)

Early Followers (14%)

Early Majority (34%)

Late Majority (34%)

Laggards (16%)

* Defined during "bottom-up" forecast process

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The "top-down" forecast allows us to outline the product's expectations when resource limitations are not considered

Step 4: Create Top-Down Forecast

Share Capture Estimates

- Competition*
- Market Events*
- Peak Share
- Adoption Curve
- "Top-Down" Forecast

Percent of Market Using the Product

Year 1 | Year 2 | Year 3 | Year 4 | Year 5

PS

Peak share allows us to define the total share we can expect for our product (and when that should occur)

Total market

The adoption curve identifies the expected incremental volume for each year post-launch

The total potential forecast defines our forecast "top-down" (i.e. the amount sales we can expect if given "unconstrained resources*")

* We can define what resources we need to hit our top-down forecast using the bottom-up forecast (workload build-up forecast process)

Forecasting

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To begin to create our "bottom-up forecast", we must understand the sales effort[1] required to convert a single account[2]

Step 5: Define Conversion Effort

The regions will assist in defining the inputs for the model as necessary using template 3

Workload Estimates

Conversion Effort per Segment

The effort required to convert an account will vary by segment (i.e. a large account takes more effort to convert than a small account)

Number of Sales Resources

"Bottom-Up" Forecast

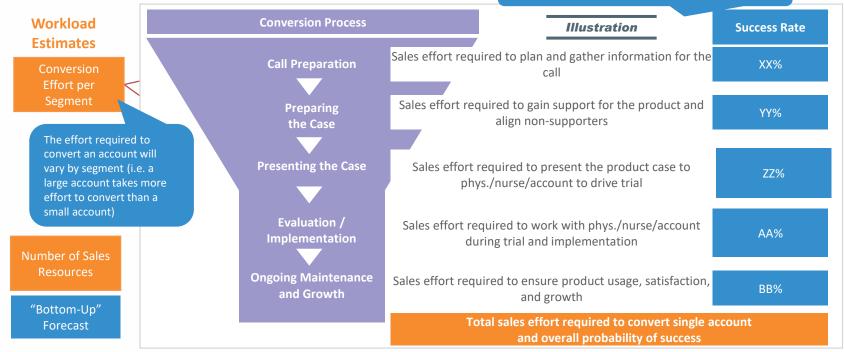| Conversion Process	Illustration	Success Rate
Call Preparation	Sales effort required to plan and gather information for the call	XX%
Preparing the Case	Sales effort required to gain support for the product and align non-supporters	YY%
Presenting the Case	Sales effort required to present the product case to phys./nurse/account to drive trial	ZZ%
Evaluation / Implementation	Sales effort required to work with phys./nurse/account during trial and implementation	AA%
Ongoing Maintenance and Growth	Sales effort required to ensure product usage, satisfaction, and growth	BB%

Total sales effort required to convert single account and overall probability of success

1. Sales effort can be defined as FTEs (full-time equivalents, hours, days, weeks, etc.)
2. Generally we will use an account but a single physician, nurse, etc. can also be used as appropriate

Conversion process steps adapted from the stages in EW CC's CTM database.
Call Preparation = Strategic Planning, Information Gathering; **Preparing the Case** = Creating Supporters, Aligning Non-Supporters; **Presenting the Case** = Presenting the Plan; **Evaluation/Implementation** = Evaluation / Implementation; **Ongoing Maintenance and Growth** = Ongoing Measurement, Opportunity Expired

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The number of available field resources and the number of accounts that they convert give us our "bottom-up" forecast

Step 5: Create "Bottom-Up" Forecast

Illustration

Workload Estimates

- Conversion Effort per Segment
- Number of Sales Resources
- "Bottom-Up" Forecast

Dedicated selling time: Overall percentage of rep time spent on product

Effective selling time: Rep time that is actually spent on selling activities*

	Assumption	Hours
Number of FTEs	50	120,000 (48 * 50 hours * 48 weeks)
Dedicated Sales Time	30%	36,000 (120,000 * 30%)
Effective Selling Time	40%	14,400 (36,000 * 40%)
Total Available Sales Rep Effort		**14,400 Hours**

For year-to-year forecasts we can factor in existing account growth

	Segment 1 (e.g. Large Accounts)	Segment 2 (e.g. Med Accounts)
Total # of Accounts	100 (a)	500
Volume per Account	5,000 (b)	3,000
Effort per Account (Hours)	70 (c)	50
% Success per Account	90% (d)	80%
Total Rep Effort (Hours)	**7000** (a * c)	**7,400**
# of Accounts Converted	**90** (a * d = e)	**118**
Total Volume of Accounts	**450,000** (e * b)	**354,000**

The total rep effort allocated should equal the total available sales rep effort

We expect the current sales force to sell 804,000 units

* Selling time does not include travel, product delivery, etc. Most sales forces "sell" for only 30-50% of their time

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Once we have our "bottom-up" and "top-down" forecasts, we can analyze the difference in expected volume from each method and determine if incremental resource investment is appropriate
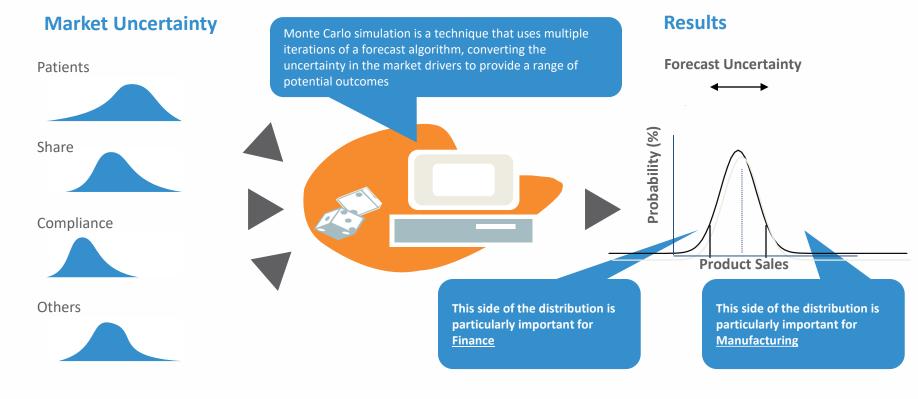
Step 6: Compare Forecasting Methods and Convert to Revenue

Forecasting Methods

"Top-Down" Forecast

"Bottom-Up" Forecast

Revenue Conversion

Price

Reimbursement

Revenue

Percent of Market Using Product

Peak share defined through market research; forecast "top-down"

Time to peak share delayed due to resource constraint

Desired adoption curve

Sales gap is due to resource limitation

Adoption curve defined by current resource constraints; forecast "bottom-up"

Time

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Forecasting

Many companies use Monte Carlo simulations to help define the uncertainty within a product's forecast

Market Uncertainty

Patients

Share

Compliance

Others

Monte Carlo simulation is a technique that uses multiple iterations of a forecast algorithm, converting the uncertainty in the market drivers to provide a range of potential outcomes

Results

Forecast Uncertainty

Probability (%)

Product Sales

This side of the distribution is particularly important for **Finance**

This side of the distribution is particularly important for **Manufacturing**
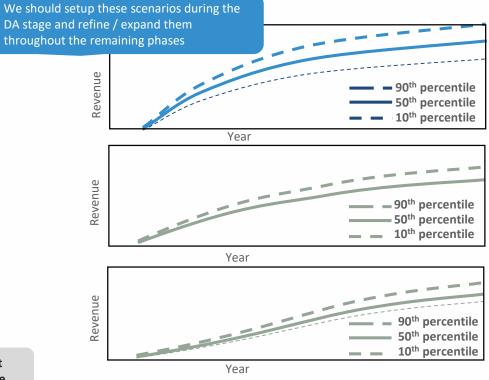
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Throughout the forecasting process, we should evaluate realistic market / product / pricing scenarios that could affect our product forecast

Illustration

We should setup these scenarios during the DA stage and refine / expand them throughout the remaining phases

Optimistic scenario
First in market
Base product profile
Premium pricing

Base scenario
Second in market
Base product profile
Premium pricing

Pessimistic scenario
Second in market
Price low

Revenue / Year

- - - **90th percentile**
—— **50th percentile**
- - **10th percentile**

Effective market research, competitive evaluation, and market assessment are key in defining the correct scenarios to evaluate

Every forecasting model that we create should follow the same model outline and should have seven distinct tabs

	Excel Tab	Tab Description
1.	Market Size Definition	▪ Total potential market (number of units) for each country / region split into segments (e.g. High, Medium, and Low potential accounts) 　▪ Include number of accounts and expected product volume for each segment 　▪ Include initial pricing estimates
2.	"Top-Down" Forecast Assumptions	▪ **Peak share percentage Assumption – by country / region as necessary** 　▪ Description of process to define and validate assumption (market research, internal stakeholders, etc.) ▪ **Adoption curve Assumption – by country / region as necessary** 　▪ Description of process to define and validate assumption (market research, analog products, internal stakeholders, etc.)
3.	"Top-Down" Forecast Model	▪ Total expected unit forecast for next five years for each country / region ▪ Total expected revenue forecast for next five years for each country / region
4.	"Bottom-Up" Forecast Assumptions	▪ **Full-time FTE Equivalent (FTE) Assumptions** 　▪ Number of weeks in a year, Hours worked per week, Selling time 　▪ Baseline FTEs for next five years ▪ **Conversion Effort Assumptions** – by account segment and by country / region as necessary 　▪ Effort for initial sell, evaluation, product placement, and ongoing maintenance 　▪ Percent success rate for each phase in the conversion
5.	"Bottom-Up" Forecast Model	▪Total expected unit forecast for next five years for each country / region ▪Total expected revenue forecast for next five years for each country / region
6.	Model Comparison	▪ Compares "top-down" forecast output with "bottom-up" forecast output 　▪ Allows for scenario comparisons
7	Forecast Recommendation	▪ Final forecast recommendation output 　▪ Based on final sales channel head count decisions – Created using "Bottom-Up" forecasting process with final heaRRount

Forecasting Activity Contents

Forecasting Overview

- ▶ Forecasting framework and definition
- ▶ Forecasting process timeline and checkpoints for each steering committee meeting
- ▶ Forecasting tasks and OACI matrix

Forecasting Model Definition

- ▶ Forecasting model process overview and best practices
- ▶ Forecasting model structure

Forecasting Communication

- ▶ Templates to communicate forecasting model, assumptions, and outcomes
- ▶ Template to communicate assumption changes
- ▶ Template to track forecasting numbers and final assumptions

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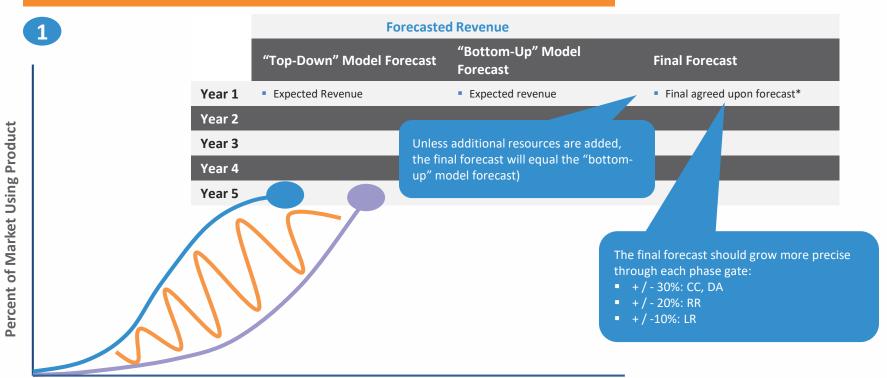
FRAMEWORK 1 – Regional "Top-Down" and "Bottom-Up" Model Outputs*

1

	Forecasted Revenue		
	"Top-Down" Model Forecast	**"Bottom-Up" Model Forecast**	**Final Forecast**
Year 1	▪ Expected Revenue	▪ Expected revenue	▪ Final agreed upon forecast*
Year 2			
Year 3			
Year 4			
Year 5			

Unless additional resources are added, the final forecast will equal the "bottom-up" model forecast)

The final forecast should grow more precise through each phase gate:
- + / - 30%: CC, DA
- + / - 20%: RR
- + / -10%: LR

Percent of Market Using Product

Time

*Repeat for each region.

FRAMEWORK 2 – Forecast Financials
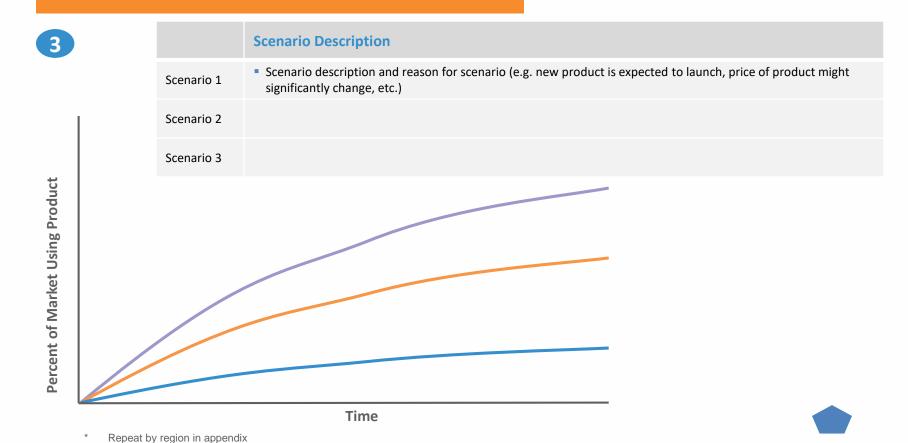
2

Pro forma	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Net Sales ($mm)							
Gross Profit ($mm)							
Operating Profit ($mm)							
Gross Margin ($ns)							
Operating Margin (%ns)							

> Marketing should work with finance to define the correct measurements for each forecast financial

Evaluation	Estimate
Capital ($mm)	
Net Present Value ($mm)	
IDC ($mm)	
Payback ($ns)	

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FRAMEWORK 3 – Scenario Forecasting Output

3

	Scenario Description
Scenario 1	• Scenario description and reason for scenario (e.g. new product is expected to launch, price of product might significantly change, etc.)
Scenario 2	
Scenario 3	

Percent of Market Using Product (y-axis)

Time (x-axis)

*   Repeat by region in appendix

TEMPLATE 1 – Market Size Definition

Country / Region	Total Units	Total Market Potential	Competitor(s) Market Share
United States	▪ Total market potential in units	▪ Total market potential in dollars 　▪ Use preliminary pricing to dollarize potential	▪ Competitor(s) and current market share 　▪ If available, collect data on market and share growth per year
Latin America			

Repeat for each country / region level as available

TEMPLATE 2 – "Top-Down" Forecast Results

2 Country / Region

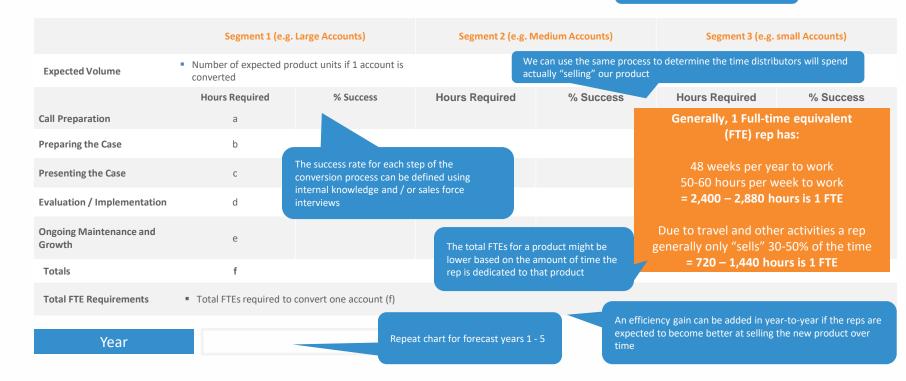Repeat for each country / region level as available

	Assumption	Assumption Background
Peak Share	• % market share	• Explanation of process to create assumption along with key background data / validation • Include assumption source(s)
Time to Peak Share	• Time on market for product to reach peak share (months and / or years	• Explanation of assumptions to reach time of share conclusion (e.g. highly competitive market, new technology, etc.) • Include assumption sources(s)
Adoption Curve Shape (Slope)	• General description of adoption curve (e.g. quick uptake, slow growth, etc.)	• Explanation of process to create assumption along with key background data / validation • Include assumption source(s)

	Forecasted Units	Forecasted Unit Market Share	Forecasted Revenue	Forecasted Revenue Market Share
Year 1	• Number of units predicted by model based on adoption curve	• Projected unit market share based on product adoption and projected market	• Expected revenue (units * price) predicted by model based on adoption curve	• Projected revenue market share based on product adoption and projected market
Year 2				
Year 3				
Year 4				
Year 5				

We recommend maintaining this template on a shared drive to start building a EW CC adoption curve / peak share knowledge library for use in future product launches

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TEMPLATE 3 – Sales Effort and Success Probability

3 **Country / Region**

Repeat for each country / region level as available

	Segment 1 (e.g. Large Accounts)		Segment 2 (e.g. Medium Accounts)		Segment 3 (e.g. small Accounts)	
Expected Volume	■ Number of expected product units if 1 account is converted					
	Hours Required	**% Success**	**Hours Required**	**% Success**	**Hours Required**	**% Success**
Call Preparation	a					
Preparing the Case	b					
Presenting the Case	c					
Evaluation / Implementation	d					
Ongoing Maintenance and Growth	e					
Totals	f					
Total FTE Requirements	■ Total FTEs required to convert one account (f)					

We can use the same process to determine the time distributors will spend actually "selling" our product

The success rate for each step of the conversion process can be defined using internal knowledge and / or sales force interviews

Generally, 1 Full-time equivalent (FTE) rep has:

48 weeks per year to work
50-60 hours per week to work
= 2,400 – 2,880 hours is 1 FTE

Due to travel and other activities a rep generally only "sells" 30-50% of the time
= 720 – 1,440 hours is 1 FTE

The total FTEs for a product might be lower based on the amount of time the rep is dedicated to that product

Year

Repeat chart for forecast years 1 - 5

An efficiency gain can be added in year-to-year if the reps are expected to become better at selling the new product over time

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TEMPLATE 4 – "Bottom-Up" Forecast Results

4 **Country / Region**

Repeat for each country / region level as available

	Forecasted Units	Forecasted Unit Market Share	Forecasted Revenue	Forecasted Revenue Market Share
Year 1	■ Number of units predicted by model based on workload build-up	■ Projected unit market share based on product workload build-up and projected market	■ Expected revenue (units * price) predicted by model based on workload build-up	■ Projected revenue market share based on product workload build-up and projected market
Year 2				
Year 3				
Year 4				
Year 5				

TEMPLATE 5 – Scenario Forecasting

5 **Country / Region**

	Scenario Description
Scenario 1	▪ Scenario description and reason for scenario (e.g. competitive product is expected to launch first, price of product might significantly change, etc.)
Scenario 2	
Scenario 3	

	Scenario 1 Revenue / Market Share	Scenario 2 Revenue / Market Share	Scenario 3 Revenue / Market Share
Year 1	▪ Expected revenue / market share	▪ Expected revenue / market share	▪ Expected revenue / market share
Year 2			
Year 3			
Year 4			
Year 5			

TEMPLATE 6 – "Final" Forecast Results

6 **Country / Region**

> Repeat for each country / region level as available
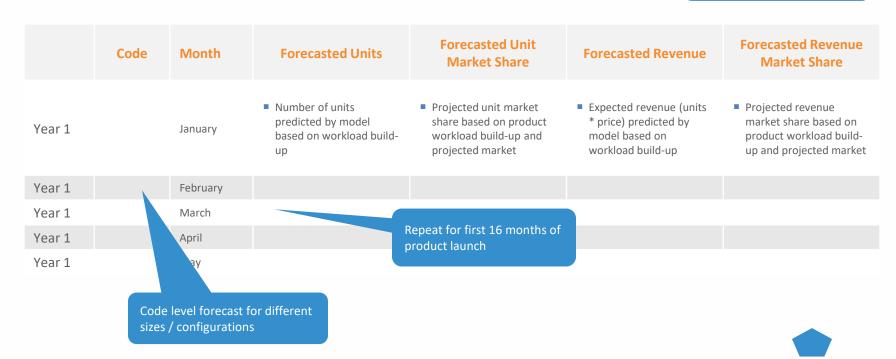
	Forecasted Units	Forecasted Unit Market Share	Forecasted Revenue	Forecasted Revenue Market Share
Year 1	▪ Number of units predicted by model based on workload build-up	▪ Projected unit market share based on product workload build-up and projected market	▪ Expected revenue (units * price) predicted by model based on workload build-up	▪ Projected revenue market share based on product workload build-up and projected market
Year 2				
Year 3				
Year 4				
Year 5				

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TEMPLATE 7 – "Final" Monthly Code-Level Forecast

7 **Country / Region**

Repeat for each country / region level as available

	Code	Month	Forecasted Units	Forecasted Unit Market Share	Forecasted Revenue	Forecasted Revenue Market Share
Year 1		January	■ Number of units predicted by model based on workload build-up	■ Projected unit market share based on product workload build-up and projected market	■ Expected revenue (units * price) predicted by model based on workload build-up	■ Projected revenue market share based on product workload build-up and projected market
Year 1		February				
Year 1		March				
Year 1		April				
Year 1		ay				

Repeat for first 16 months of product launch

Code level forecast for different sizes / configurations

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TEMPLATE 8 – Assumption Change (by Region / Country)

8 **Country / Region**

	Baseline Forecast	Adjusted Forecast	Assumption Change	Reason for Change
Year 1	▪ Forecast prior to the assumption change	▪ Forecast after the assumption change	▪ Assumption change (from X to Y) ▪ Include assumption source	▪ Explanation for change (further market research, market dynamic change, etc.)
Year 2				
Year 3				
Year 4				
Year 5				

The template should be filled out and disseminated when necessary to update the regions / stakeholders on forecast changes

A tally of all assumption changes should be kept within the marketing plan

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TEMPLATE 9 – Forecast Tracking (by Region / Country)

9 **Country / Region**

			Baseline Forecast	Actual Sales	Explanation of Difference and Tactical Adjustment
Year 1	Quarter 1	January	▪ Final revenue forecast prior to launch	▪ Actual revenue for quarter	▪ Outline expected reason for sales difference and any necessary tactical adjustments that must be made to account for the difference
	Quarter 1	February			
	Quarter 1	March			
Year 1	Quarter 2	April			
	Quarter 2	May			
	Quarter 2	June			
Year 1	Quarter 3				
	Quarter 4				
Year 2	Quarter 1				
	Quarter 2				
	Quarter 3				
	Quarter 4				

> Update monthly for first two quarters after launch, update quarterly for next 1.5 years after launch, update annually starting in year 3

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Ongoing Use

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This Playbook is used as a reference to complete the Marketing Plan Word document and the Excel forecasting model, which feed into steering committee and Catalyst deliverables

How to do it

Where to store it

How to display the results

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Playbook

Marketing Plan

Forecasting Model

Marketing Plan Presentation (presented to Steering Committee)

Catalyst Business Review Presentation

The Word Marketing Plan and Excel forecasting model will contain the supporting data and analysis for the steering committee presentations

The Marketing Plan PowerPoint documents will be inputs for the Catalyst stage gate presentations

Ongoing Use…

The CC Marketing Launch Playbook is a living document that is to be appropriately updated by the "owner" according to the implementation plan

Key items to update include:

- Additional best practices for each activity: including key learnings launch to launch
- Additional checklist items for each activity
- Additional representatives in the OACI matrix
- Additional templates / frameworks for each activity

Appendix

Additional launch-activity templates

A-1: Launch Timing

Template A1: Global launch timing

Region	Key Regulatory Activity and Date(s)		Additional Key Activities and Dates		Launch Date
U.S. targeted release	510(k) Submission	June 14, 2016	U.S. Sales Training	September 22, 2016	October 22, 2016; ASA
U.S. full commercial release					January 2, 2016
Europe targeted release	CE Mark	September 1, 2016	EU Sales Training	September 5, 2016	October 1, 2016; ESICM
Europe full commercial release					January 2, 2016
EEMEA					
ANZ					
Japan					
China					
Asia X-China					
Latin America					Not Planned at Present

This table can be supplemented with a visual timeline, but the table should have the appropriate level of regional granularity (e.g. region vs. specific countries) required to effectively communicate the complete launch plan. It should be clear which regions will participate in the launch and which will not in the foreseeable future.

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A-2: Limited Launch Contract for Targeted Commercial Release

Template A2-1: Limited launch objectives

	Objective	Success Criterion/Metric	Evaluation Method
Phase One	Objective 1	Criterion 1	Method 1
	Objective 2	Criterion 2	Method 2
	…		
Phase Two	…		
	…		
	…		

Consider including the Evaluation Tools in presentation.

Template A2-2: Limited launch sites

Consider including Limited Launch Contract in presentation.

Phase 1: Dates

- Region 1
  - Site A
  - Site B
- Region 2
  - Site C
  - Site D

Phase 2: Dates

- Region 3
  - Site E
  - Site F
- Region 4
  - Site G
  - Site H

Template A2-3: Limited launch timing and resources

	Facility	Country	Sales Rep	Start/Stop Dates		Marketing	R&D
Phase One	Valley Hospital	US	Alice S.	Nov. 1, 2016	Dec. 30, 2016	Richard J.	N/A
	…						
	…						
	Phase One Evaluation Review Date: Jan 05, 2017						
Phase Two	N/A						
	N/A						
	N/A						
	Phase Two Evaluation Review Date: N/A						

A-3: Internal Training Material

Template A3-1: Internal training materials

Audience	Training Content	Medium	Date to Complete Training
Customer Service	Detailed Product Training	LMS e-Learning Module with Test	Septermber15, 2016
Audience A	Summary Product Training	LMS Read and Review	Ongoing
…			
…			
…			
…			

A-4: Launch Materials

Product development efforts are categorized by complexity level

Sustain	**Renovate**	**Innovate**	**Transform**
Ops driven	Modification to existing product	Meaningful advancements	New to world
Quality improvement, remediation, compliance	Minor enhancement	Differentiated, meets undermet need	Meets unmet need
Ex: windows 7 into software, shield	Defend market share	Adjacency leveraging our core	Requires evidence, changes in clinical practice
	Ex: Piek 3, FT 1.5	Ex: Sentinel, AlgoMetrics	Ex: cNIBP
Protect	Protect/Grow	Grow	Grow

Low ← **Complexity** → **High**

Minor Improvement	←	**Technology**	→	Breakthrough
In Place	←	**Procedural Knowledge**	→	Build
Existing	←	**Customer Base**	→	New
Accepted	←	**Clinical Evidence**	→	Establish
Existing	←	**Reimbursement**	→	New
In Place	←	**Infrastructure**	→	Build
Protection	←	**Revenue**	→	Growth

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Launch material needs vary by category

Launch Materials

Sustain

Internal communications / Product announcement

FAQs

SF Training and Communication

Update existing web site and collateral

Evaluate / update educational material

Change samples

Rep eMail in SFRR, add / update marketing infrastructure

Renovate

Customer ppt
(could be add on to existing)

Testimonials

eBlast to customers and prospects

Translate key elements to top 7-10 langues

Product photography

Booth presence TBD

Update SEO/SEM

Training baseline – set up guides as appropriate

Positioning statement + Messaging guides

CBT

Campaign updates

Innovate

Press kit / release

New collateral, White paper

Booth presence

Digital and print advertising

Lunch symposia, forums, HOT days

Interstitial / web page or highlight

Advocacy building, KOL alignment, update presentations

Animations, simulations, learning modules, apps (TBD)

Launch Kit

Timeline update

Campaign augmentation and focus

Transform

New and separate campaign (which dovetail together)

PR grass roots campaign – market development

Evidence building / Clinical studies

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A-5: Summary of Implementation Plan

Content: Summary of implementation plan

Do to the varied nature of this content and project needs, no template is provided.

▶ Provide high-level details of the implementation plan, particularly for targeted-release

site preparation activities

▶ **Examples include:**

- Product configuration

- Software upgrade plan

- Launch Site preparation

- Timeline

- Operational Logistics