

VERQUVO®

2023 Marketing Budget Optimization



Impact Assessment & Investment Optimization
HH Digital, Data and Analytics (HHDDA)
Aug 17th, 2023

Objective and Executive summary

- ❖ **Objective:** Suggest optimal investment across In-scope HCC & HCP channels for a given budget to maximize the overall impactable revenue in 2024.
- ❖ **2023 In-scope¹ estimated budget contribution:** The In-Scope¹ investment of \$14M (*total budget \$32M*) is estimated to generate ~\$25.4M in 3-yr pre-tax incremental revenue (ROI excl. samples/vouchers=1.1:1).
- ❖ **2023 Optimal Spend and allocation:** The In-Scope¹ investment of \$14M is estimated to generate ~\$28.8M in 3-yr pre-tax incremental revenue (ROI excl. samples/vouchers=1.3:1).

¹In-Scope channels : HCP MCM, HCP MF, HCC InOffice, HCC Social, HCC Display, HCC Paid Search, Samples and Vouchers

Agenda

- ❖ Understanding analyzable budget
- ❖ Budget scenarios and impact on incremental revenue
- ❖ Channel promotion efficiency and responsiveness
- ❖ Deep-dive budget scenarios

In-Scope Promotion Budget for Analysis

~44% (\$14M) of the total 2023 VERQUVO[®] promotion budget was analyzed

Non-analyzable SAP budget (\$17MM) includes:**

- Product Promotional Resources (\$6.9M)
- Payer/Policy Resources (\$1.4M)
- Agency Fees (INI/Solved) (\$1.4M)
- Sales Team Support & Logistics (\$0.4M)
- Public Affairs/External Relations Programs (\$0.5M)
- Congress & Exhibits (\$1.7M)
- Primary Market Research (\$0.7M)
- Competitive Intelligence (\$0.02M)
- MCM campaign Execution (\$0.2M)
- Patient Support Services (\$2.1M)
- Consulting Service Agreements (\$0.03M)
- Outcomes Research and Pricing (\$0.03M)
- Reserves (HCP=\$0.1 M/HCC=\$0.4M)

ROI not available (\$0.6M) :

- HCP Paid Search (\$0.1M)
- HCP Print (\$0.5M)
- Adheris BagTags(\$0.03M)

Promotion Channel	2023 budget	% 2023 In-Scope Budget	
*Samples	\$1.4 M	10%	
*Vouchers	\$1 M	1%	
HCC Display	\$1.5 M	11%	
HCP MCM/In-Office	\$1.9 M	14%	
HCC In-Office POC	\$4.5 M	32%	
HCC Social	\$0.7 M	5%	
HCC Pd Search	\$1.5 M	11%	
MMF	\$2.3 M	16%	
Total Working In-Scope Budget	\$14 M		44%
Total Working Not-In-Scope Budget	\$1 M	EHR(\$0.7)/COUPONS (\$0.4)	48%
Operational Budget (Non-Analyzable)	\$17 M		100%
Total SAP budget	\$32 M		

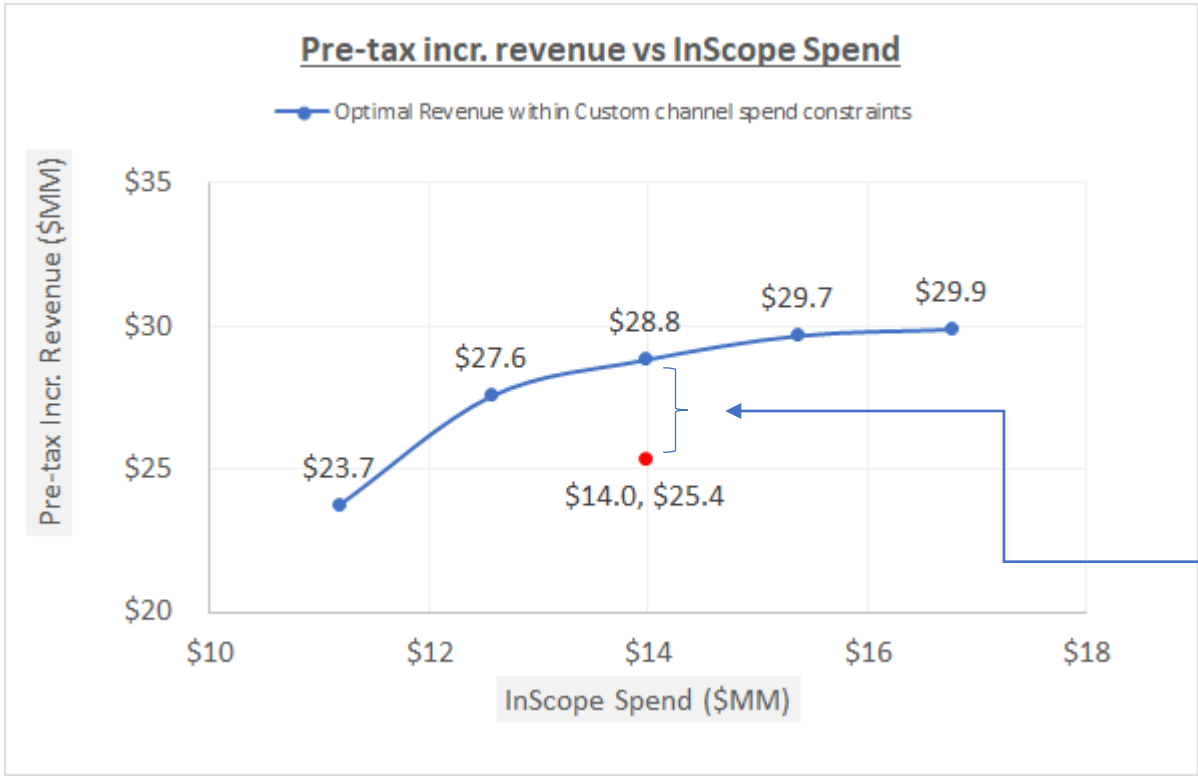
The combined working budget represents 48% of the total budget

* Includes only Cost of Goods (COG) for Samples and reimbursement cost for Vouchers

**Source: Media Plans dated July'23, SAP Report dated June'23

Optimal Scenarios

The current 2023 spend of \$14M can be optimized to return additional \$3.4 M in incremental revenue



- Optimal scenarios were studied for 5 investment levels :
 - -20% in-scope (\$11M)
 - -10% in-scope (\$12.5M)
 - 2023 in-scope(14M)
 - +10% in-scope (\$15.3M)
 - +20% in-scope (\$16.8M)
- *Within the current budget there is plenty of opportunity to optimize across channels and improve revenue substantially.*
By optimizing the current in-scope spend (\$14M) with +/-40% channel variation, a **\$3.4M** gain in Revenue is estimated.

	2023 Aug FC (\$M)	2024 Aug FC (\$M)
Total Budget	\$31.7	\$32
InScope Budget (~44%)	\$14	TBD

• These calculations assume that the non-analyzable budget can decrease proportionately to the in-scope budget

Optimal Scenario deep dive (decreasing scenarios)
With the existing budget, an additional \$3.4M in revenue can be gained by reallocating from lower impact to higher impact channels.

	Current 2023 Budget (\$14.0)		Optimal Current Budget (\$14.0)			-10 Decrease Optimal (\$12.6)			-20 Decrease Optimal (\$11.2)		
InScope Promotion	Pre-tax Spend (MM)	Expected pre-tax Rev(MM)	Pre-tax Spend (MM)	% Change from current	Expected pre-tax Rev(MM)	Pre-tax Spend (MM)	% Change from current	Expected pre-tax Rev(MM)	Pre-tax Spend (MM)	% Change from current	Expected pre-tax Rev(MM)
PatientPoint HCP	\$0.3	\$0.49	\$0.5	40%	\$0.62	\$0.5	40%	\$0.62	\$0.5	40%	\$0.62
DEEPINTENT	\$0.1	\$0.06	\$0.1	3%	\$0.06	\$0.1	-3%	\$0.05	\$0.1	0%	\$0.06
DG CONNECT	\$0.0	\$0.03	\$0.0	1%	\$0.03	\$0.0	-2%	\$0.03	\$0.0	13%	\$0.03
DOXIMITY	\$0.2	\$0.02	\$0.1	-40%	\$0.01	\$0.1	-40%	\$0.01	\$0.1	-40%	\$0.01
EDH	\$0.2	\$0.15	\$0.1	-40%	\$0.11	\$0.1	-40%	\$0.11	\$0.1	-40%	\$0.11
MEDSCAPE	\$0.8	\$0.79	\$0.9	8%	\$0.80	\$0.8	-2%	\$0.78	\$0.8	-3%	\$0.77
TRENDMD	\$0.0	\$0.04	\$0.0	7%	\$0.04	\$0.0	-3%	\$0.04	\$0.0	11%	\$0.04
PHYSICIANS WEEKLY	\$0.2	\$0.28	\$0.3	40%	\$0.35	\$0.3	40%	\$0.35	\$0.3	40%	\$0.35
MMF	\$2.3	\$0.14	\$1.4	-40%	\$0.10	\$1.4	-40%	\$0.10	\$1.4	-40%	\$0.10
HCP MCM Total	\$4.2	\$2.0	\$3.4	-18%	\$2.1	\$3.3	-20%	\$2.1	\$3.3	-20%	\$2.1
PatientPoint	\$1.6	\$1.35	\$1.1	-33%	\$1.05	\$1.0	-40%	\$0.95	\$1.0	-40%	\$0.95
Health Monitor	\$1.1	\$3.64	\$1.6	40%	\$4.61	\$1.6	40%	\$4.61	\$1.5	36%	\$4.49
Phys Weekly	\$0.9	\$0.70	\$0.5	-40%	\$0.49	\$0.5	-40%	\$0.49	\$0.5	-40%	\$0.49
Coverwrap	\$0.3	\$0.82	\$0.4	40%	\$1.04	\$0.4	40%	\$1.04	\$0.2	-20%	\$0.72
TMH	\$0.3	\$0.12	\$0.2	-40%	\$0.09	\$0.2	-40%	\$0.09	\$0.2	-40%	\$0.09
Mesmerize	\$0.3	\$0.57	\$0.4	40%	\$0.72	\$0.4	40%	\$0.72	\$0.2	-40%	\$0.40
POC Total	\$4.5	\$7.2	\$4.2	-7%	\$8.0	\$4.1	-10%	\$7.9	\$3.6	-20%	\$7.1
Display	\$1.5	\$2.24	\$2.2	40%	\$2.84	\$1.6	8%	\$2.36	\$1.5	-1%	\$2.22
Paid Search	\$1.5	\$2.07	\$2.0	29%	\$2.47	\$1.3	-17%	\$1.83	\$1.1	-30%	\$1.63
Social	\$0.7	\$0.69	\$0.4	-40%	\$0.48	\$0.4	-40%	\$0.48	\$0.4	-40%	\$0.48
HCC Total	\$3.8	\$5.0	\$4.6	20%	\$5.8	\$3.4	-11%	\$4.7	\$3.1	-20%	\$4.3
Total InScope Budget	\$14.0	\$25.4	\$14.0	0%	\$28.8	\$12.6	-10%	\$27.6	\$11.2	-20%	\$23.7
Δ Pre-tax Revenue (compared to Current Baseline)	ROI 1.1		ROI 1.3		\$3.4(12%)	ROI 1.4		\$2.2(8%)	ROI 1.4		-\$1.7(-7%)

Optimal Scenario deep dive (increasing scenarios)
With the existing budget, an additional \$3.4M in revenue can be gained by reallocating from lower impact to higher impact channels.

	Current 2023 Budget (\$14.0)		Optimal Current Budget (\$14.0)			%10 Increase Optimal (\$15.4)			%20 Increase Optimal (\$16.8)		
InScope Promotion	Pre-tax Spend (MM)	Expected pre-tax Rev(MM)	Pre-tax Spend (MM)	% Change from current	Expected pre-tax Rev(MM)	Pre-tax Spend (MM)	% Change from current	Expected pre-tax Rev(MM)	Pre-tax Spend (MM)	% Change from current	Expected pre-tax Rev(MM)
PatientPoint HCP	\$0.3	\$0.49	\$0.5	40%	\$0.62	\$0.5	40%	\$0.62	\$0.5	40%	\$0.62
DEEPINTENT	\$0.1	\$0.06	\$0.1	3%	\$0.06	\$0.1	21%	\$0.06	\$0.1	40%	\$0.07
DG CONNECT	\$0.0	\$0.03	\$0.0	1%	\$0.03	\$0.0	21%	\$0.03	\$0.0	40%	\$0.04
DOXIMITY	\$0.2	\$0.02	\$0.1	-40%	\$0.01	\$0.1	-40%	\$0.01	\$0.2	40%	\$0.02
EDH	\$0.2	\$0.15	\$0.1	-40%	\$0.11	\$0.1	-32%	\$0.12	\$0.3	40%	\$0.20
MEDSCAPE	\$0.8	\$0.79	\$0.9	8%	\$0.80	\$1.0	25%	\$0.92	\$1.2	40%	\$0.99
TRENDMD	\$0.0	\$0.04	\$0.0	7%	\$0.04	\$0.1	19%	\$0.05	\$0.1	40%	\$0.05
PHYSICIANS WEEKLY	\$0.2	\$0.28	\$0.3	40%	\$0.35	\$0.3	40%	\$0.35	\$0.3	40%	\$0.35
MMF	\$2.3	\$0.14	\$1.4	-40%	\$0.10	\$1.4	-40%	\$0.10	\$2.3	3%	\$0.15
HCP MCM Total	\$4.2	\$2.0	\$3.4	-18%	\$2.1	\$3.6	-14%	\$2.3	\$5.0	20%	\$2.5
PatientPoint	\$1.6	\$1.35	\$1.1	-33%	\$1.05	\$1.9	21%	\$1.55	\$2.0	22%	\$1.55
Health Monitor	\$1.1	\$3.64	\$1.6	40%	\$4.61	\$1.6	40%	\$4.61	\$1.6	40%	\$4.61
Phys Weekly	\$0.9	\$0.70	\$0.5	-40%	\$0.49	\$0.9	0%	\$0.70	\$0.9	-1%	\$0.70
Coverwrap	\$0.3	\$0.82	\$0.4	40%	\$1.04	\$0.4	40%	\$1.04	\$0.4	40%	\$1.04
TMH	\$0.3	\$0.12	\$0.2	-40%	\$0.09	\$0.2	-40%	\$0.09	\$0.2	-40%	\$0.09
Mesmerize	\$0.3	\$0.57	\$0.4	40%	\$0.72	\$0.4	40%	\$0.72	\$0.4	40%	\$0.72
POC Total	\$4.5	\$7.2	\$4.2	-7%	\$8.0	\$5.4	20%	\$8.7	\$5.4	20%	\$8.7
Display	\$1.5	\$2.24	\$2.2	40%	\$2.84	\$2.2	40%	\$2.84	\$2.2	40%	\$2.84
Paid Search	\$1.5	\$2.07	\$2.0	29%	\$2.47	\$2.0	29%	\$2.47	\$2.0	29%	\$2.47
Social	\$0.7	\$0.69	\$0.4	-40%	\$0.48	\$0.4	-40%	\$0.48	\$0.4	-40%	\$0.48
HCC Total	\$3.8	\$5.0	\$4.6	20%	\$5.8	\$4.6	20%	\$5.8	\$4.6	20%	\$5.8
Total InScope Budget	\$14.0	\$25.4	\$14.0	0%	\$28.8	\$15.4	10%	\$29.7	\$16.8	20%	\$29.9
Δ Pre-tax Revenue (compared to Current Baseline)	ROI 1.1		ROI 1.3		\$3.4(12%)	ROI 1.23		\$4.3(14%)	ROI 1.1		\$4.5(15%)

Next Steps

- Receive practical channel level constraints (lower and upper) from the marketing team
 - Run custom scenarios to take the new constraints into account
- Reach a consensus on the final scenario – budget and channel allocation

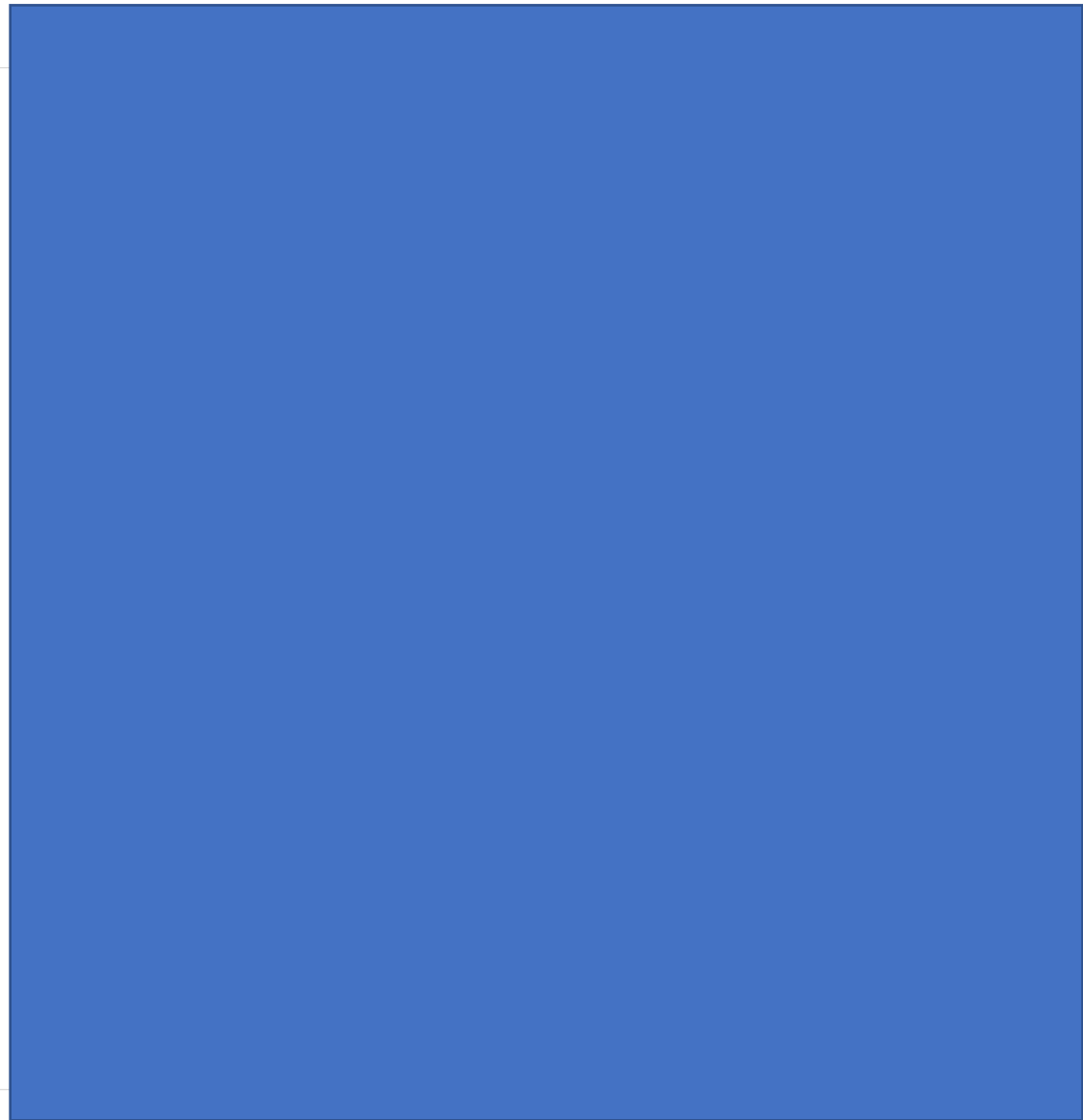
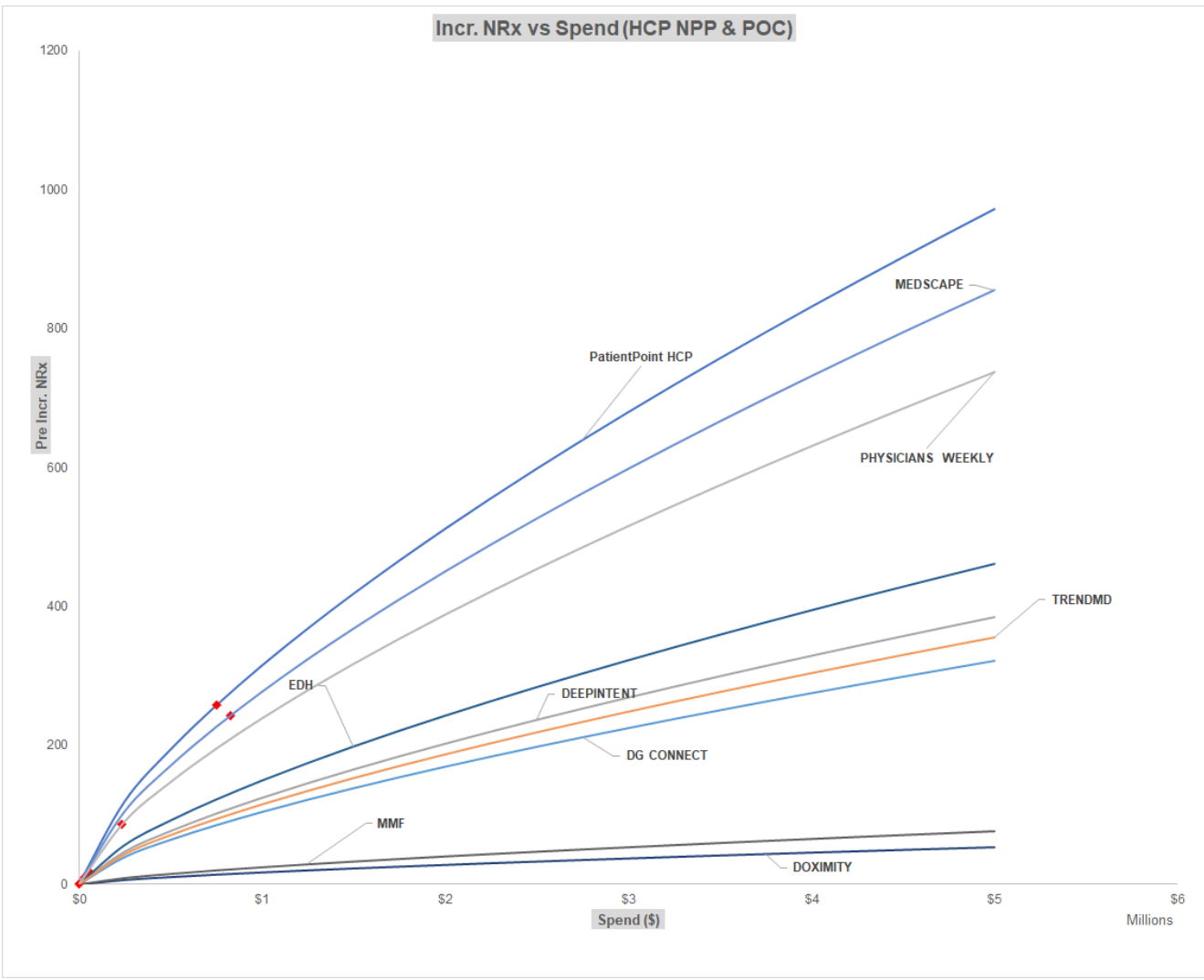
APPENDIX

Estimated Pre-tax ROIs and % Contribution for 2023

The Total estimated contribution from all In-Scope promotion channels is 48%

Channel	2023 Spend (\$MM)	2023 Estimated Incr. NRx	2023 Estimated Pre-Tax Revenue(\$MM)	2023 Estimated Pre-tax ROI	Estimated % Contribution
HCP MCM	\$4.15	615	\$1.99	0.5	3.7%
HCC In Office	\$4.52	2,223	\$7.21	1.6	13.5%
HCC Display	\$1.54	692	\$2.24	1.5	4.2%
HCC Paid Search	\$1.54	639	\$2.07	1.3	3.9%
HCC Social	\$0.74	212	\$0.69	0.9	1.3%
TOTAL	\$13.97	7,840	\$14.20	1.1	48%

Promotion Deep dive for HCP MCM and HCP PP



Promotion Deep dive for HCC and HCC POC

