



EMC Consulting Life Sciences Practice

EMC Consulting combines life sciences industry expertise and delivery capability to develop and realize information-driven strategies that assist companies in meeting industry challenges and improve operational performance. Our expertise spans the value chain—from discovery and pre-clinical development through marketing, sales, and manufacturing. We leverage capabilities in business process improvement, industry solutions engineering, and compliance and risk management to optimize business processes and the use of information technology in the enterprise and to minimize compliance risk.

By leveraging leading-industry practices, we assist biopharmaceutical, medical device and diagnostics companies in developing strategies, processes, and solutions to improve:

- Discovery and clinical development
- Management of scientific information and interactions
- Product commercialization
- Supply chain management
- Sales and marketing effectiveness, including use of multiple channels
- Compliance and regulatory processes

Business challenge

Well-publicized cases alleging that drug, device, and medical supply makers in the U.S. made improper payments to physicians, or that physicians failed to disclose such financial relationships, have contributed to heightened regulatory activity and public mistrust. And with increasing international regulation, concern over improper payments goes beyond U.S. borders. As a result, life sciences companies face calls for greater transparency.

Yet regulations seem to be in a constant state of flux. Companies must address these evolving information and reporting needs to meet federal and state requirements as well as consider the reporting and disclosure needs of the physicians with whom they collaborate. For example:

- The Physician Payments Sunshine Act of 2009 and current state legislation contain different dollar thresholds for payment reporting and different policies toward gifts and items to be disclosed (e.g., demonstration medical devices for use of 90 days or less). And they differ as to whether they require annual totals to be reported.
- Medical institutions and some states issue physician disclosure rules, which further increase the pressure for accurate and timely reporting. For example, New Jersey has proposed rules that would require physicians who are renewing medical licenses to disclose total payments from manufacturers exceeding \$200 over the prior two-year period.
- The category of “Covered Recipients” may be expanded to include additional healthcare provider types such as physician assistants, nurse practitioners, pharmacists, hospitals, and more.

As depicted in Figure 1, there are many functional and geographic areas that participate in some way in the company’s relationship with physicians. A first step toward compliance involves aggregating information to create a single, comprehensive view of all interactions with each provider and to analyze payments which fall into many categories (e.g., compensation, consulting fees, honoraria, etc.). Although the task may be difficult, it is essential that the view include information from third parties involved in managing expenses (e.g., speaker fees).

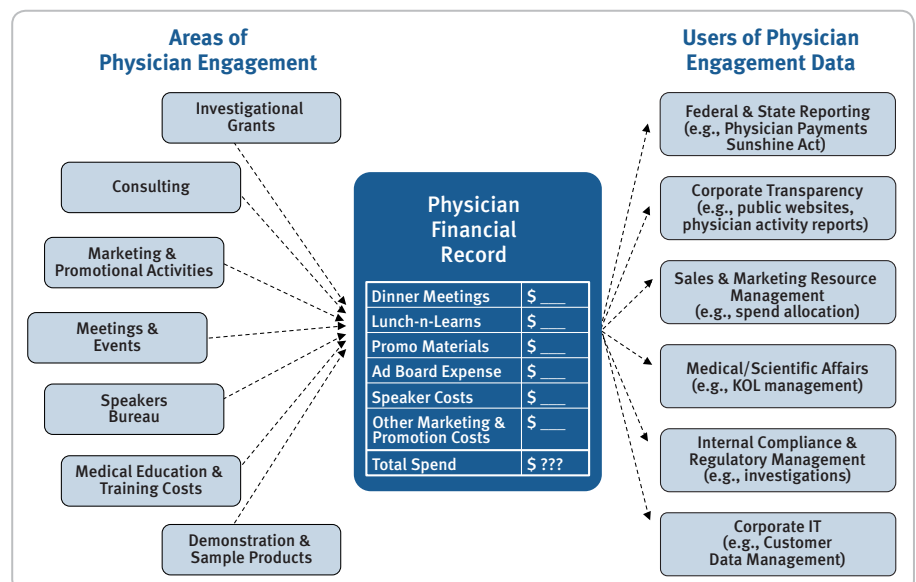


Figure 1: Life Sciences Company Areas of Physician Payment and Uses of Payment Data

Many companies initially invest in the capabilities needed to meet basic regulatory reporting needs while others formulate broader, long-term objectives such as corporate transparency or spend control and optimization. As Figure 2 illustrates, it is important to clarify objectives and understand the benefits, solution components, and challenges in order to develop an appropriate solution architecture. Typical challenges companies encounter in meeting basic regulatory reporting needs are that they must create an aggregate view of the physician relationship despite inconsistent reference data; difficulty in physician data matching, merging, and linking; and problematic data maintenance.

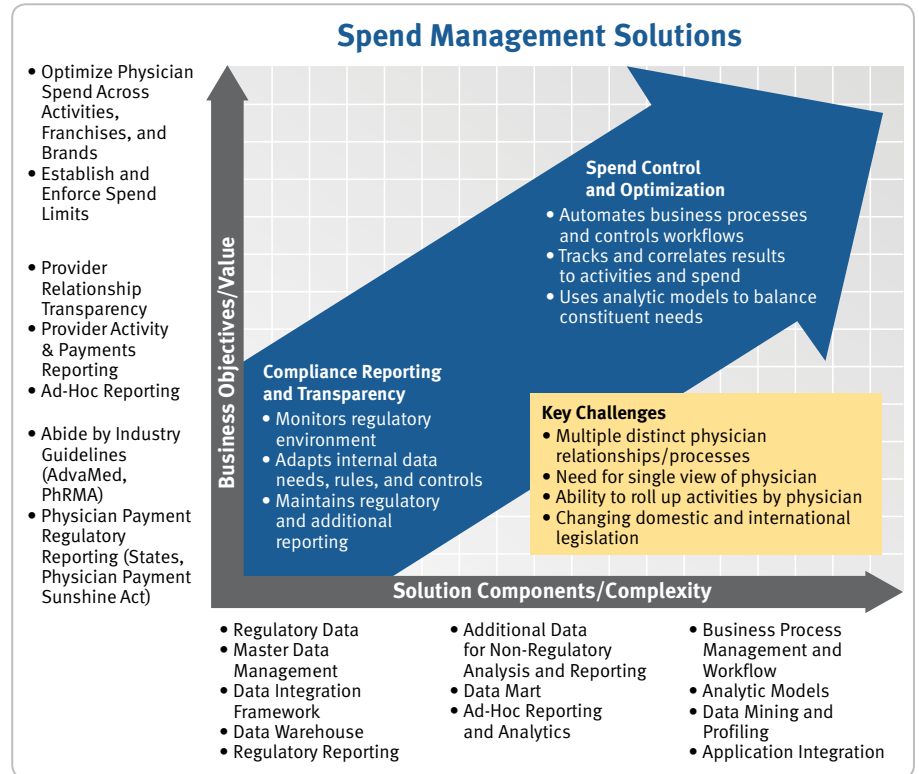


Figure 2: Spend Management Solutions—From Compliance to Optimization

While some companies may prefer to deploy a highly customized physician spend reporting solution, many will choose from among a growing number of packaged software, Software-as-a-Service (SaaS), and component-based solutions.

Packaged or SaaS solutions offer vendor-maintained compliance with federal and state reporting requirements, additional ad-hoc reporting and workflow capabilities such as alerts and e-mails triggered by thresholds, limits, etc., to improve compliance management. Vendors have different requirements and expectations around the format and quality of the key business data driving the reporting process and the level of stewardship provided by the client. The right choice for a company depends on many factors: the company core business model, the evolving legislative landscape, the legacy systems that source the key data, underlying data quality, the level of maturity of the data governance discipline, and the architectural vision for the future of the enterprise.

As illustrated in Figure 3, even companies whose objectives go beyond compliance can use a packaged software or Software-as-a-Service solution for regulatory spend reporting as part of their overall solution architecture.

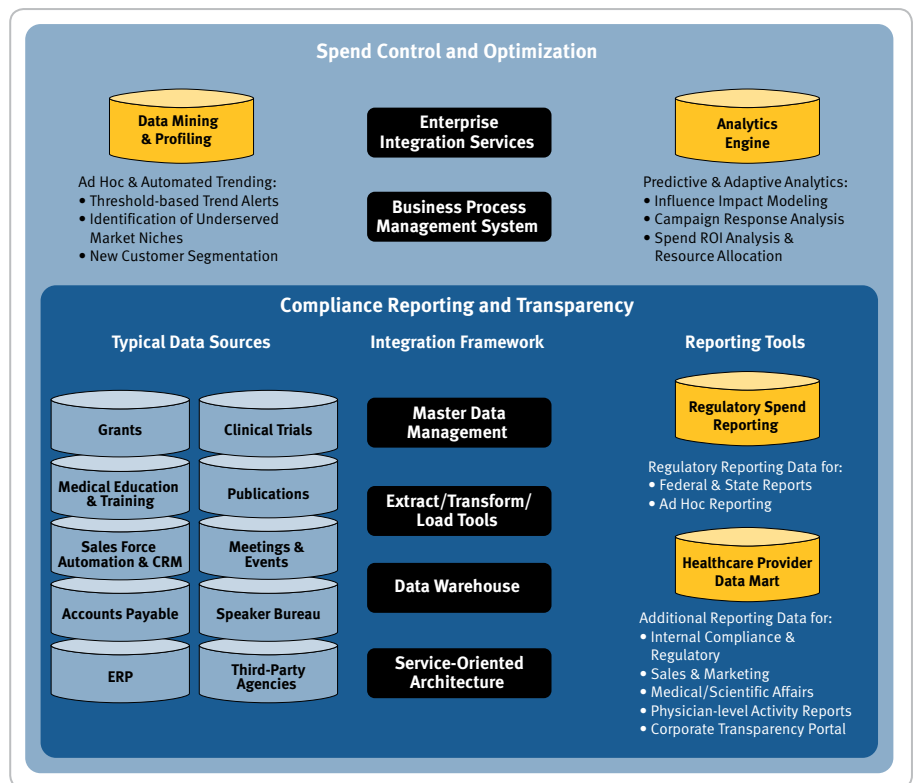


Figure 3: Illustrative Solution Architecture for Compliance Reporting and Corporate Transparency

Service description

EMC® Consulting combines understanding of the functional areas that comprise the physician relationship and regulatory needs with technical expertise to help companies comply with physician regulatory reporting requirements and better manage physician spend. Whether a company is addressing near-term regulatory reporting needs or embarking on more far-reaching operational improvement objectives, EMC Consulting can assist in formulation of objectives, development of the roadmap, and implementation.

- **Compliance planning:** EMC Consulting helps companies mobilize their planning efforts by working with stakeholders to clarify objectives, assess the current state (e.g., processes, data sources, data integration capabilities, etc.), and develop the roadmap, including implementation phases, resource needs, and required investments.
- **Technical architecture:** EMC Consulting helps develop a scalable architecture to implement the roadmap and provide the flexibility to accommodate additional healthcare provider types, changing regulatory reporting needs, and additional internal or external customer reporting needs. Our vendor-agnostic approach enables clients to determine which physician spend reporting vendor solution—custom or vendor package—best meets the organization’s needs. EMC Consulting can assist with creation of a data warehouse, corporate transparency portals and reporting, as well as master data management initiatives.
- **Roadmap and implementation:** EMC Consulting helps determine how to stage implementation and can provide experienced and pro-active program managers to assist with long-term implementation efforts.
- **Process excellence:** EMC Consulting can help companies leverage their physician-spend reporting infrastructure to improve spend control, allocation, and optimization. This involves improving individual functional processes (e.g., speaker management), use of retrospective and predictive analytics, and use of business process management.

Customer benefits

Compliance reporting and transparency: EMC Consulting helps life sciences companies develop the capabilities and systems—including a decision between “build-versus-buy” alternatives—to confidently and cost-effectively comply with changing physician spend regulations and reduce business risk. This enables customers to:

- Decide on their preferred level of in/outsourcing with respect to maintaining reports in the face of changing regulatory needs
- View and manage provider relationships and payments based on a single, company-wide view
- Develop formal and ad-hoc reports based on aggregate company information

Spend control and optimization: Companies can extract further value from their compliance investments by going beyond regulatory spend reporting to address a broader range of internal and external analysis and reporting needs. These companies can improve their resource use and management of their healthcare provider relationships:

- Aggregate physician/provider relationship across brands and functional areas to provide visibility and proactive notifications on thresholds, limits, and more
- Rationalize and better allocate physician spending across functions, channels, and brands to improve ROI
- Support relationships with physicians by providing reports to help them meet their institutional disclosure and other needs

EMC Consulting

As part of EMC Corporation, the world’s leading developer and provider of information infrastructure technology and solutions, EMC Consulting provides strategic guidance and technology expertise to help organizations exploit information to its maximum potential. With worldwide expertise across organizations’ business, applications, and infrastructure, as well as deep industry understanding, EMC Consulting guides and delivers revolutionary thinking to help clients realize their ambitions in an information economy. EMC Consulting drives execution for its clients, including more than half of the Global Fortune 500 companies, to transform information into actionable strategies and tangible business results. More information about EMC Consulting can be found at www.EMC.com/consulting.



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