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### Better Sales & Marketing from 150 Million-Plus Databased MD Insights

## TargetRx Touts Unique Predictability of Multiple Attitudinal Physician Models

No one drives 65 mph down a highway with their eyes riveted to the rearview mirror. But that's essentially what pharma companies do whenever they base multi-million-dollar business decisions on historical Rx data, says Mike Luby, CEO of six-year-old TargetRx (Horsham, PA). The company claims to offer the industry's first forward-looking information source: a large-sample, normative database of physician "attitudes" with proven predictive capacity.

"Prescription data is a lagging indicator," Luby told *PMR*<sup>2</sup>. "It can only tell you what has happened. Our industry has a pretty good handle on behavior--who's prescribing, market share, etc. But why it's happening is at the core of TargetRx services."

Luby believes hard-to-reach, high-prescribing physicians strongly determine the why. "As a general rule, the physician is still the primary factor in the decision-making process by far," he argued. "Patient requests and DTC advertising play an increasing role, but it's relatively small. By tracking physicians' attitudinal drivers of prescribing, you can detect changes well in advance of their actual prescribing behavior. Pharma companies need a solid understanding of which MDs to target, plus a super-clear understanding of--within limited time--the right messages and tactics to sway physicians. We've gathered over 150 million physician insights--and counting--that enable us to tell clients specific things their sales and marketing teams can do to boost revenues."

TargetRx's four syndicated services and ad hoc projects rely on proprietary predictive models constructed on top of a proprietary database of attitudinal information collected from more than 60,000 participating physicians across 153 specialties. Continuous market tracking scours over 30 therapeutic categories. TargetRx's database approach creates benchmarks and norms it says offer a much better perspective. "It's hard to say how often our subscription service spots a varying condition, but we see significant, meaningful movement in every market, even mature ones," noted Luby. "And our recommendations have a 90% to 95% confidence interval."

Since its inception in 1999, the company has raised more than

\$50 million in venture capital and grown staff to more than 100. Its client list is confidential, but Luby says TargetRx works with a majority of the top 30 pharma companies worldwide--with 80% to 90% renewal rates. Most of its top 10 customers have already doubled their spending this year.

Luby's vision for TargetRx resulted from over a decade of dissatisfaction as an information buyer in marketing, MR, and

brand management in a variety of therapeutic areas for Merck & Co. A central player in Merck's successful *Fosamax*, *Vasotec* and *Prilosec* brands, Luby recalls being "perpetually frustrated by the lack of actionable information upon which to base decisions. As a researcher, I always tried to focus my energies on things that would affect the top or bottom line, even though I was working in one brand. But that never seemed to be the concern of our suppliers,



TargetRx CEO Mike Luby

who focused on complex statistical models and what their Ph.D.s could do. Often, they made no connection to decisions Merck had to make to sell more drugs or use resources more effectively.

"Pharma marketers haven't had the actionable tools to really make an impact because information suppliers have conditioned them to make do with what they're given. None of the industry's information providers were doing anything truly rigorous or insightful with attitudinal information," explained Luby.

"Any custom shop or consultant can go out, interview 100 MDs and tell you they love or hate you," he observed. (Editor's note: IMS Health consultant services is a direct competitor.) "All of this one-off MR has produced mounds of data for pharma companies, with very little shelf life or actionability. Most of what I received as a buyer was 'so-what,' instead of 'now-what' information. So, for example, when I was told six months prior to a launch that awareness among my prospects was 30%, I had no idea whether I should be thrilled or scared; without a benchmark, I had no way to interpret the data. More often than



not, receiving information as a brand manager induced anxiety because I didn't know the why behind any market phenomena nor, more importantly, what to do about it."

TargetRx helps clients understand what can be done to alter physician thinking and, ultimately, behavior. Luby explained, "Unless there's a market shock--a patient dies from a prescription drug, or a health plan with a high concentration of patients stops covering a certain drug--physicians' usage patterns change gradually. They don't wake up one morning and decide not to prescribe your drug anymore. They start using a bit more of a competitor's drug and a little less of yours. Market shares slowly rise and fall.

"We built TargetRx believing systematically tracking attitudinal information through a database allowed us to analytically determine factors predictive of future prescribing. We constantly calibrate what we collect in our surveys against actual prescribing behavior, so we can determine with a high degree of confidence what's going to happen and identify the drivers. We then coach pharmas very clearly on sales and marketing steps they can take to improve their marketplace performance. We cover the entire

product lifecycle, from discovery to patent expiry, but we've really focused on the window of about 18 months prior to launch through five- to seven-years post launch."

An initial round of funding in 1999 enabled Luby and two co-founders to begin collecting survey data and testing their concept for three years. In 2002, Detail Performance Monitor (DPM) was launched. This subscription-based service tracks the quality of clients' sales tools and their sales reps' interactions with physicians using objective and attitudinal measures to quantify the impact on prescribing behavior down to the

regional level. "DPM pinpoints the most influential tactics and messages by physician type and segment and alerts clients in advance to critical message decay," Luby described.

DPM is complemented by a suite of promotional campaign optimization products under the "ProSigma<sup>SM</sup>" umbrella (a play on "Six Sigma"). ProSigma Detail debuted in '03, proceeded by

## The Power of Prediction

Based on ProSigma Detail analysis, TargetRx predicted that Product X's new detail piece would increase market share for Product X, while Product Y's piece would not.

## Proof That ProSigma Detail Works

As predicted, Product X saw market share increase in months after release, while Product Y saw a decline.

Source: TargetRx

### ProSigma<sup>SM</sup> Detail Results

Product X DPS Detail Results from Dec '03 Promotions Test

Predicted Field DPS Low Decile Physicians 52

Predicted Field DPS Low Decile Physicians 48

Product X in-Field Score Oct-Dec 2003 39

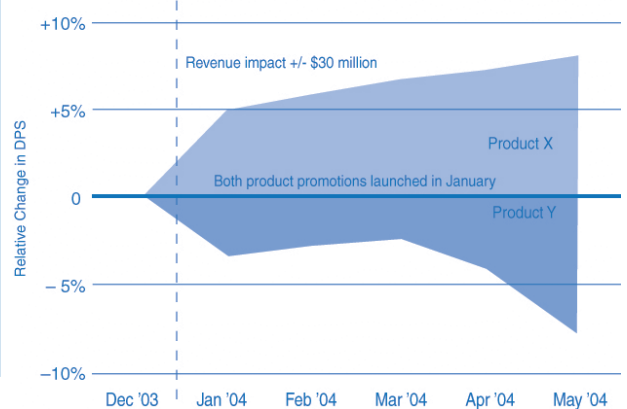
Product Y DPS Detail Results from Dec '03 Promotions Test

Predicted Field Score Product Y 42

Product Y in-Field Score Oct-Dec 2003 45

### New Prescriptions (NRx)

Rolling Three Month DPS Average Relative to Product's Oct '03 Detail Quality



ProSigma Message and ProSigma Concept. "They help clients achieve the right bundle of messages and bring a higher degree of rigor to evaluation of concepts and then tie it all together in a detail," asserted Luby.

ProSigma Message attempts to identify the best message combination in a portfolio. "We find and define relationships between messages and prioritize their order to predict potential impact on prescribing behavior," Luby explained. "This is especially useful because sales reps have such limited face time with doctors, so delivering the right messages in the right order

is crucial.” Similarly, ProSigma Concept looks at creative concepts, quantifying those that are most impactful for field reps.

Lastly, ProSigma Detail assesses relative effectiveness of clients’ complete detail on prescribing behavior, offers tactical recommendations and predicts in-market performance based on industry norms and benchmarks. The result is Detail Performance Score (DPS), a comprehensive measure of detail quality, which “uncovers what resonates with a physician--and why,” emphasized Luby. “An MD whose primary concern is safety isn’t going to be moved by claims that a drug is ‘really powerful, the biggest gun out there,’ etc.’ Conversely, if they’re focused on efficacy, then promoting a drug as being ‘safe and gentle’ may not resonate.”

According to Luby, ProSigma modeling has proven tremendously accurate. “We’ve repeatedly validated a very

days). “We skew toward high-prescribing, opinion-leading physicians, because those are the ones our clients want to hear from. But we provide a very solid, balanced picture of the marketplace,” noted Luby. “Our team of Ph.D.s ensures the right representative mix based on prescribing, geography, demographics and psychographics.”

Luby estimates half of TargetRx revenues are subscription-based. “We’ve always considered ourselves a database company. The remainder of our sales come from individual projects using our highly-developed standard approach on a specific client problem,” he detailed. “Among our top three clients, for example, there are definite differences in the places they’re engaged with our information, how they digest it and how they use and act on it.”

A major benefit of TargetRx, observed Luby, is its “unifying” effect on clients’ sales and marketing functions. “It’s not uncommon for marketing and sales to buy their information from different sources, which can lead to discrepancies that pit one against the other,” he pointed out. “In our best instances, sales and marketing, MR, etc., each use the version of our information (all tied to the same metrics) most appropriate to their respective function. All these functions can use our information to resolve disputes and rectify deficiencies. The head of sales can see if the head of marketing is providing effective messaging and marketing resources. And the head of marketing can see if sales is executing as they’re supposed to, what reach and frequency the reps have, share of promotional voice, etc.”

TargetRx is expanding its traditional Big Pharma client base to biotech and specialty pharma, currently roughly 10% of its clients. “From our early efforts, there appears to be a very strong appetite for our services in those sectors,” he revealed.

Luby disclosed plans to expand TargetRx’s portfolio with the launch of market tracking products, tentatively named “Dynamic Tracker” and “New Product Velocity Index.” The former will help clients understand--aside from promotion--how MDs’ perceptions are changing and drivers of usage. It is already in client beta testing, with a scheduled launch in September. The latter, geared to brand activities 18 months prior to launch, should debut in Q4. PMR

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## ProSigma Detail assesses effectiveness of a complete detail on prescribing behavior, offers tactical recommendations and predicts in-market performance

tight correlation between our predictions regarding recommended promotional elements and subsequent in-market performance,” he assured. Luby provided *PMR*<sup>2</sup> with a two brand, before-and-after case study to show ProSigma’s predictive power. (See table, page 2)

TargetRx’s impressive accuracy hinges on MDs’ willingness to participate. Recruitment is entirely opt-in by invitation; response rates average 25%. A variety of proprietary contact methods are employed. “Honoraria is key, of course, but there are a lot of people throwing money at physicians, so that by itself is insufficient. We are extremely effective at persuading MDs to share their opinions with us,” he said. “We understand what makes them tick and make sure our offering has appeal and apparent benefits. We obsess about physicians having a good experience--prompt payment, positive interactions and an exit interview to rate each exercise.

“It’s not like a panel, where you pay a couple thousand doctors to show up and take surveys every month,” he added. “That creates all sorts of bias issues, so we recruit via a double-blind approach. MDs don’t know when they’re going to be asked to participate and other parties, like sales reps, don’t know which MDs are participating.”

All TargetRx studies are conducted online. Each month, thousands of TargetRx’s 60,000 MDs participate in 30-minute surveys. Incentives vary by specialty, but average \$50 (paid out within 14