



Reframing Key Account Management in the Specialty Drug Era

An Amplity Health Article

July | 2021



Introduction

When the Greek philosopher Heraclitus wrote “There is nothing permanent except change,” he probably wasn’t thinking about the modern pharmaceutical industry. Nevertheless, his notion of the constancy of change fits our business perfectly. Indeed, today’s healthcare delivery model is dramatically different from what it was in 1990, with profound changes in the number and power of stakeholders, extraordinary alterations in the type and cost of new drugs, and rapid shifts in the way those drugs are paid for. These changes have left yesterday’s sales models less and less effective and, at the same time, opened the door to new sales models that better accommodate today’s marketplace realities. This brief article describes several of the forces at play and connects them to the resultant rise in the deployment and success of Key Account Managers.

Background

1990s

Through the mid-1990s, the pharmaceutical industry relied largely on a simple, straightforward sales model: territory-level sales representatives called on physicians and, through effective clinical presentations, convinced them to prescribe the company’s products for appropriate patients. Because physicians enjoyed relative freedom to prescribe the brands they deemed appropriate for their patients, scripts flowed freely to pharmacies and patients accessed their medication with little restriction. This model was so effective, in fact, that manufacturers continued to increase their field-based sales teams until some companies had 5 or more representatives calling on the same doctor selling the same product. This tactic centered on the idea that the company that could command the greatest share of voice would also control the Rx pad. And the plan worked. Until the playing field began to change.

2000s

In the late 1990s to early 2000s, several marketplace changes caused a profound shift in the pharma sales landscape. As described in the eye for pharma white paper “KAM Prescription for Commercial Success,” these changes included, 1) an increase in the number of stakeholders that decreased pharma’s influence, 2) insurance reform, including a shift away from fee-for-service and toward managed care, and 3) an evolving healthcare infrastructure that consolidated decision-making power in small groups of executives. These marketplace alterations rendered the classic share-of-voice model less effective and was part of the impetus toward growth in Key Account Managers (KAMs).

For many years now, many drug manufacturers have fielded KAM teams, relying on them to manage large, important accounts such as hospital systems, large single- and multi-specialty clinics, pharmacy chains, wholesalers, payers, etc.

Rise of Specialty Drugs

2010s

But another force at play during the past 20 years has also expanded the opportunity for deployment of KAMs: the dramatic increase in the number of specialty drugs. In the mid-1990s there were fewer than 30 specialty drugs on the market, but by 2015 there were 300. And their use has skyrocketed. CVS Caremark reported in its annual Drug Trend Report that specialty medications accounted for 52% of US drug spend in 2020.

While there is no universal definition of specialty drugs, they generally share 3 attributes: they are high-cost medications with significant access challenges, they typically treat rare or complex diseases, and they often require special handling and administration. These are vastly different from the traditional small-molecule, oral, stable-at-room-temperature, relatively inexpensive drugs of the 1990s.

2021

KAMs for High Users of Specialty Drugs

Accounts that are large users of specialty drugs — including many single- and multi-specialty clinics, specialized treatment centers, specialty hospitals, and others — require special care from pharma manufacturers, and Key Account Managers are often a perfect fit. While KAMs share many skills that are important to traditional sales reps, such as disease and product knowledge, ability to develop an account plan, account management skills, and collaborative skills, KAMs require additional skills that are distinct from those that best serve traditional reps. As outlined in Figure 1, the Key Account Manager role requires advanced skills that are more strategic, focus on a longer horizon, and include not only a clinical focus but also a financial and operational focus.

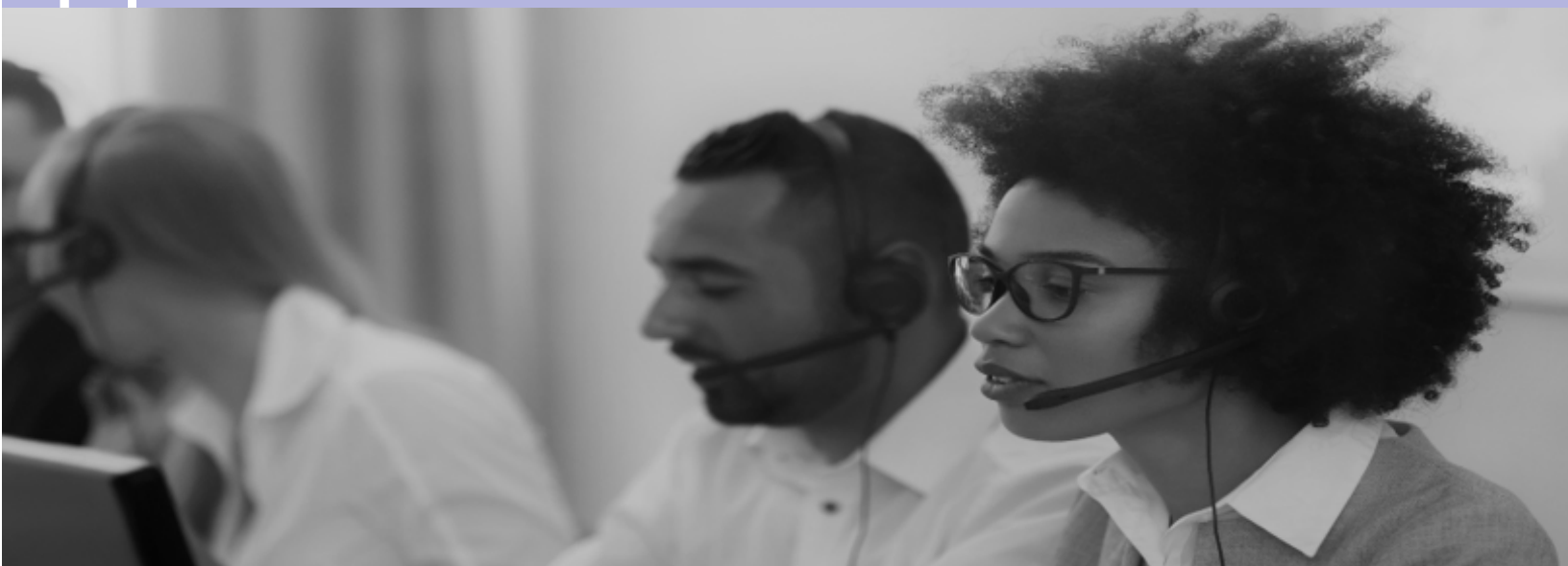
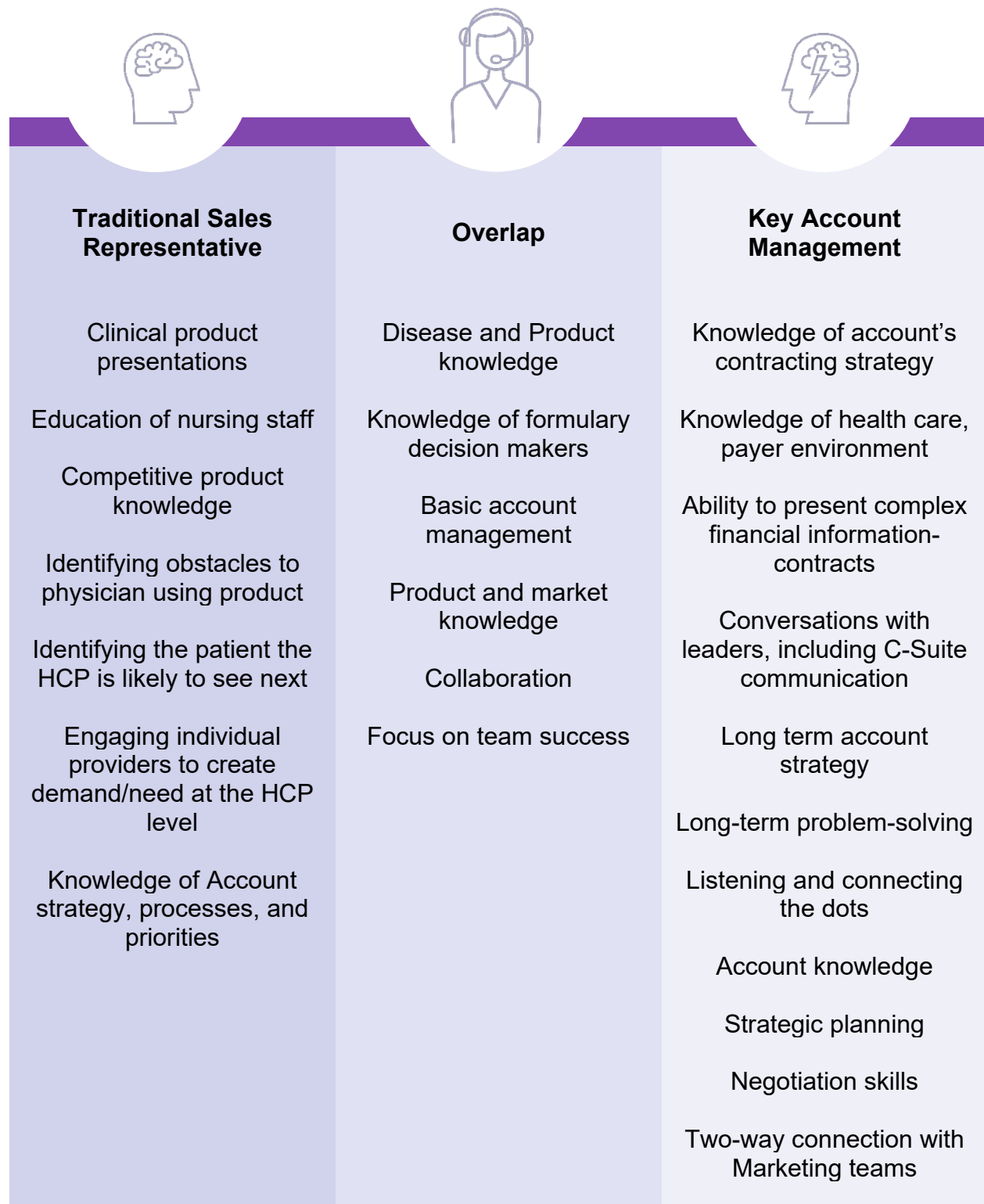


Figure 1: Differentiated Skill Sets



Drilling a bit deeper into the distinctive characteristics of KAMs, Figure 2 details 4 specific areas where KAM skills go beyond those of traditional sales reps.

Figure 2: Detailed View of KAM Skills

Skill	What differentiates a KAM from a traditional Rep?
Understand the Customer's Business and Priorities	<ul style="list-style-type: none"> • The KAM role requires next level knowledge, understanding the account and environment rather than just the physician in front of them. • A KAM knows how the office is aligned to their larger network, how the office is getting products, being reimbursed for the products, and the influence of the local healthcare environment. • KAMs' clinical knowledge encompasses the incidence, patient demographics, and costs related to treatment considerations in an account. Clinical: Incidence and Costs relative to other financial considerations for an account.
Strategic Account & Opportunity Planning	<ul style="list-style-type: none"> • Engaging with account-based targets requires advanced targeting skills to understand who makes and influences decisions. • It is critical to think more strategically about how the account provides healthcare, manages financial performance, and measures quality. • Customer interactions may often involve outside research and non-product-related discussions of the healthcare environment, patient demographics, and population health challenges. • By developing a deeper understanding of a customer's mission and values, short- and long-term treatment goals, and specific population challenges, a KAM is able to identify opportunities.
Negotiation Skills	<ul style="list-style-type: none"> • One of the most critical points of differentiation is a focus on the long-term success of the account relationship. • The KAM works to establish value in each interaction, aligning their focus on meeting near-term provider needs while building rapport and credibility to establish the foundation for greater collaborations. • These conversations are driven by engagement and negotiation skills that go beyond the traditional sales interaction.

Value Co-Creation

In the end, the value of a strong KAM is being able to match the goals of the system/hospital to goals that align to the product, and seeking and delivering those win-win-win opportunities for providers, patients, and the manufacturer.

Choosing the Right Model

Each company must determine for itself whether and how to deploy Key Account Managers. Some firms will decide to overlay a KAM team on top of its territory representatives, while others will choose one or the other. These decisions should be based on an array of considerations across Marketing, Sales, and Finance, including these:

How complex is the product or market?

What is the desired geographical reach for your commercial team?

Do you have the internal headcount to restructure existing sales teams?

What training or upskilling might be required to convert your existing teams, resources, and operations to support a KAM team?

Are you able to quantify the value proposition and assess whether to add headcount or outsource to a commercial partner?



Tip: if you're considering outsourcing, a true partner will help you facilitate this conversation with leadership

Conclusion

Key Account Managers must possess advanced skills that, compared with traditional sales representatives, are more strategic, focus on a longer horizon, and include not only a clinical focus but also a financial and operational focus. Manufacturers of specialty drugs should strongly consider the benefit of deploying KAMs to cover accounts that are large users of specialty drugs — including many single- and multi-specialty clinics, specialized treatment centers, specialty hospitals, and others.

KAMs can be developed internally, but many companies choose to use a commercial partner to deploy and manage KAMs. In either case, the deployment must be accompanied by a customized approach tailored to the brand and organization and a strong, metrics-driven strategy for success.

Whether an organization is exploring the need to deploy a Key Account Management team on its first commercial product or are realizing evolving needs in their existing brand portfolio, a trusted partner can help set a path for success.

Amplity Health has the experience, expertise, and infrastructure to customize a KAM solution that aligns with the unique needs of each product, market, timeline, and budget. [Click here to contact us](#) when you're ready to discuss how we can partner.

