Reimagining Alliance Management as an Agile Capability When Business as Usual is "Just Too Hard"

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June 11, 2020

The Rhythm of Business®

The Rhythm of Business Overview

Embed partnering throughout the organization.

Create desired outcomes. Fuel innovation to drive growth.
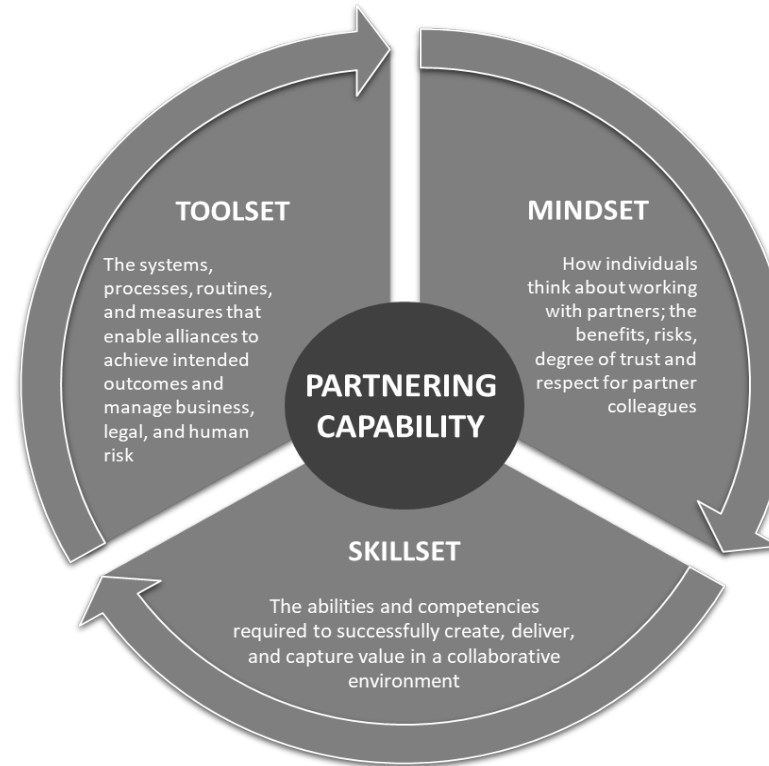
SERVICES

Consulting

Strategize, build, and integrate your end-to-end partnering practice to demonstrate value to stakeholders and partners and outcomes for customers. Design and activate individual alliances

Assessments

Data-driven, contextual analysis provides deep insights that solves problems and drives measurable improvement

Talent Development

Hands-on coaching, support on challenging alliances, classroom and individual training to grow partnering and alliance management expertise and collaborative skills
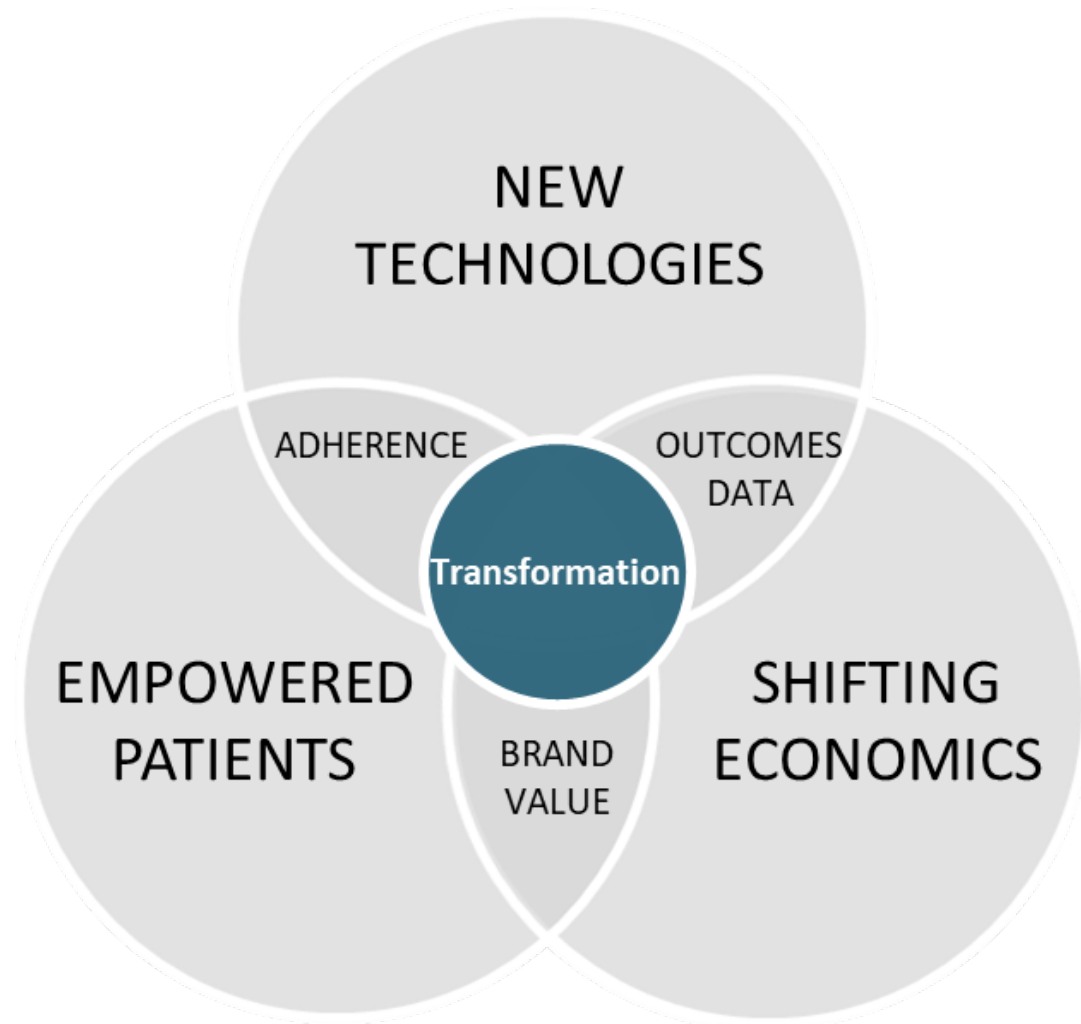
THOUGHT LEADERSHIP

PARTNERING CAPABILITY

TOOLSET
The systems, processes, routines, and measures that enable alliances to achieve intended outcomes and manage business, legal, and human risk

MINDSET
How individuals think about working with partners; the benefits, risks, degree of trust and respect for partner colleagues

SKILLSET
The abilities and competencies required to successfully create, deliver, and capture value in a collaborative environment

REPRESENTATIVE CLIENTS

astellas · SERVIER · Epizyme · Red Hat · L'ORÉAL PARIS · MERCK Be well · Eisai · Janssen · KPMG · Schneider Electric · SANOFI · CISCO · Debiopharm Group

NOVARTIS · Boehringer Ingelheim · intel · QUINTILES · Shire · BROAD INSTITUTE · IBM · at&t · Almirall · IPSEN Innovation for patient care · Abbott A Promise for Life · HSCI Harvard Stem Cell Institute · BAYER

OBJECTIVES

- Introduce the burning platform for change in how biopharmaceutical alliance management practices are implemented
- Discuss how to apply agile principles to alliance management across three practice components
- Start reimagining!

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The Healthcare Ecosystem is Transforming...And Driving the Transformation of Biopharma from Lab to Patient

NEW TECHNOLOGIES

ADHERENCE

OUTCOMES DATA

Transformation

EMPOWERED PATIENTS

BRAND VALUE

SHIFTING ECONOMICS

New Technologies

Platform Therapies
Artificial Intelligence
Internet of Things

Shifting Economics

Value or Outcomes Based Models
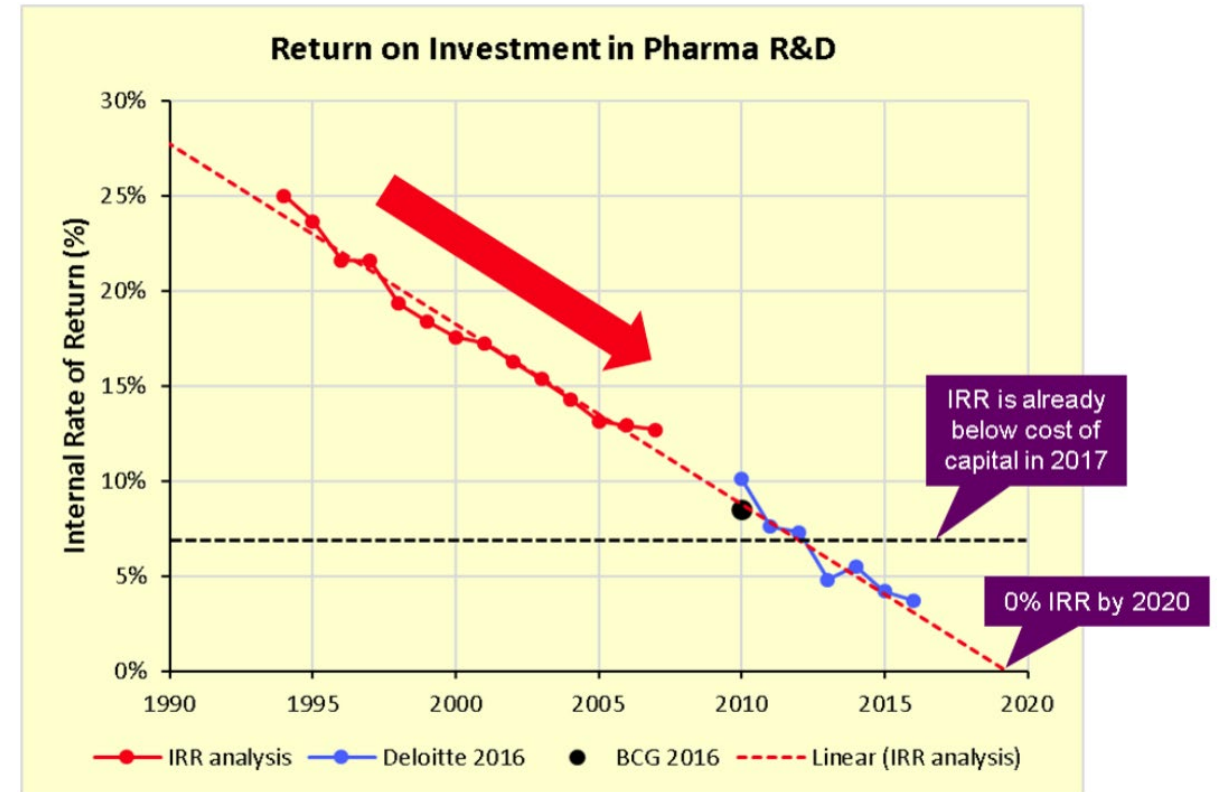Gov't and Payer Reimbursement Policies
From Treatment to Prevention and Cure

Empowered Patients

Consumer Experience Expectations
Mobile Technologies
Public Perceptions of Biopharma

The Research-Based Business Model is Under Pressure

Characteristics of Traditional Biopharma Business Model

- Cost of research growing relative to revenues resulting in declining rate of return

- Inherently unpredictable low volume experimental model

- Early feedback only comes through expensive human clinical trials

Return on Investment in Pharma R&D

IRR is already below cost of capital in 2017

0% IRR by 2020

Internal Rate of Return (%)

IRR analysis · Deloitte 2016 · BCG 2016 · Linear (IRR analysis)

Source: EvaluatePharma, IRR analysis

Chart sourced from Kelvin Stott, Endpoint News, November 28, 2017

A New Business Model is Emerging...

Patient outcomes focused, more predictable, lower cost, higher volume, easier to terminate or iterate early

Discovery	Preclinical	Clinical	Commercial

Commercial:
Go-to-market is core competency
Multiple routes to market
Digital health offerings

+

Core programs are internal, co-developed with partners
Non-core programs partnered for royalties

+

CROs
Specialized service providers
Technology partners (of every discipline)

New Partners New Partnering Models

R&D outsourcing to:
Academia and medical discovery institutes
Specialized startups
Accelerator programs
Investment seeding

Data and Analytics including Artificial Intelligence

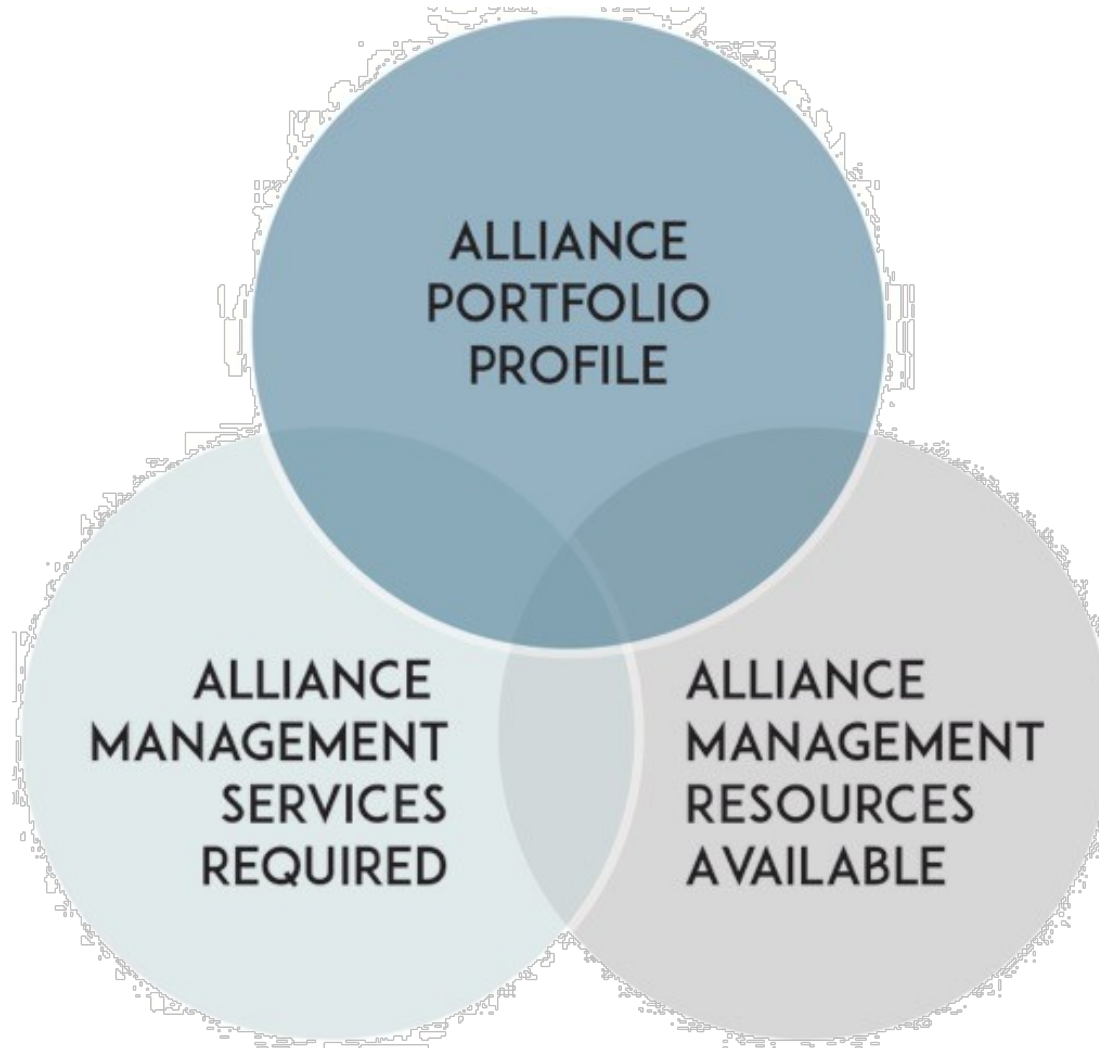The Rhythm of Business

…And it is Digital

**The digitization of product and patient care processes**
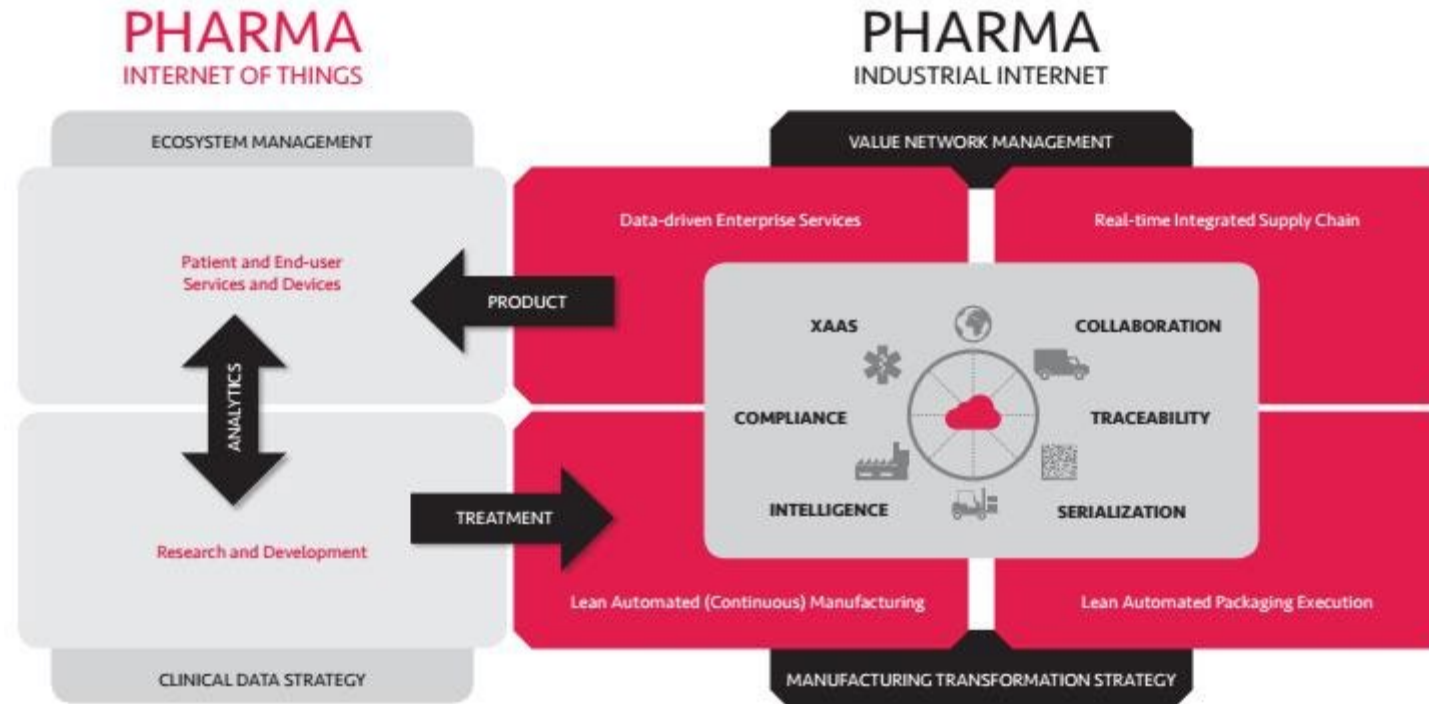
The digitization of supply chain and manufacturing

Source: https://www.europeanpharmaceuticalreview.com/article/51733/pharma-digitalisation-challenges/

The Ability of Alliance Managers to Deliver Value to Stakeholders is a Function of Three Factors

Common Coping Strategies Have Limits

Managing the Numbers
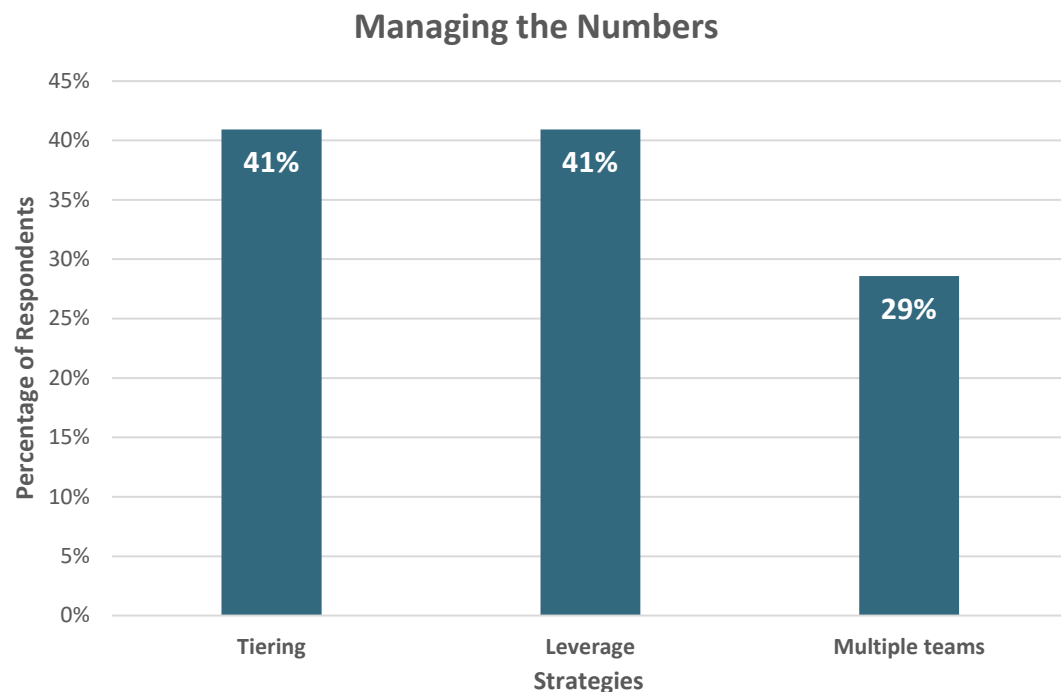
Adds to >100% due to multiple strategies employed by a single company

- Tiering results in some alliances unmanaged or "managed" by people for whom it is not their job or skillset

- Lack of oversight adds risk and overlooks opportunities to add value because of limited visibility into the portfolio

- Alliance managers are forced to become primarily reactive, diminishing their value to stakeholders

Source: *No Longer Any Doubt. The Rhythm of Business 2018 study of Biopharmaceutical Alliance Management Practices*

Are You at Your Limit?

Which of the following apply to your company's alliances and alliance managers? Select all that apply

A. Unmanaged alliances you know an alliance manager would add value to if one were assigned
B. Alliances handled by non-alliance managers as part of their day job
C. Potentially increased risk due to lack of visibility into some alliances
D. Alliance managers forced to be reactive, not proactive because of workloads

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Which of the following apply to your company's alliances and alliance managers? Select all that apply

Bar chart:
- Unmanaged alliances you know an alliance manager would add value to if one were assigned: 20
- Alliances handled by non-alliance managers as part of their day job: 19
- Potentially increased risk due to lack of visibility into some alliances: 19
- Alliance managers forced to be reactive, not proactive because of workloads: 28
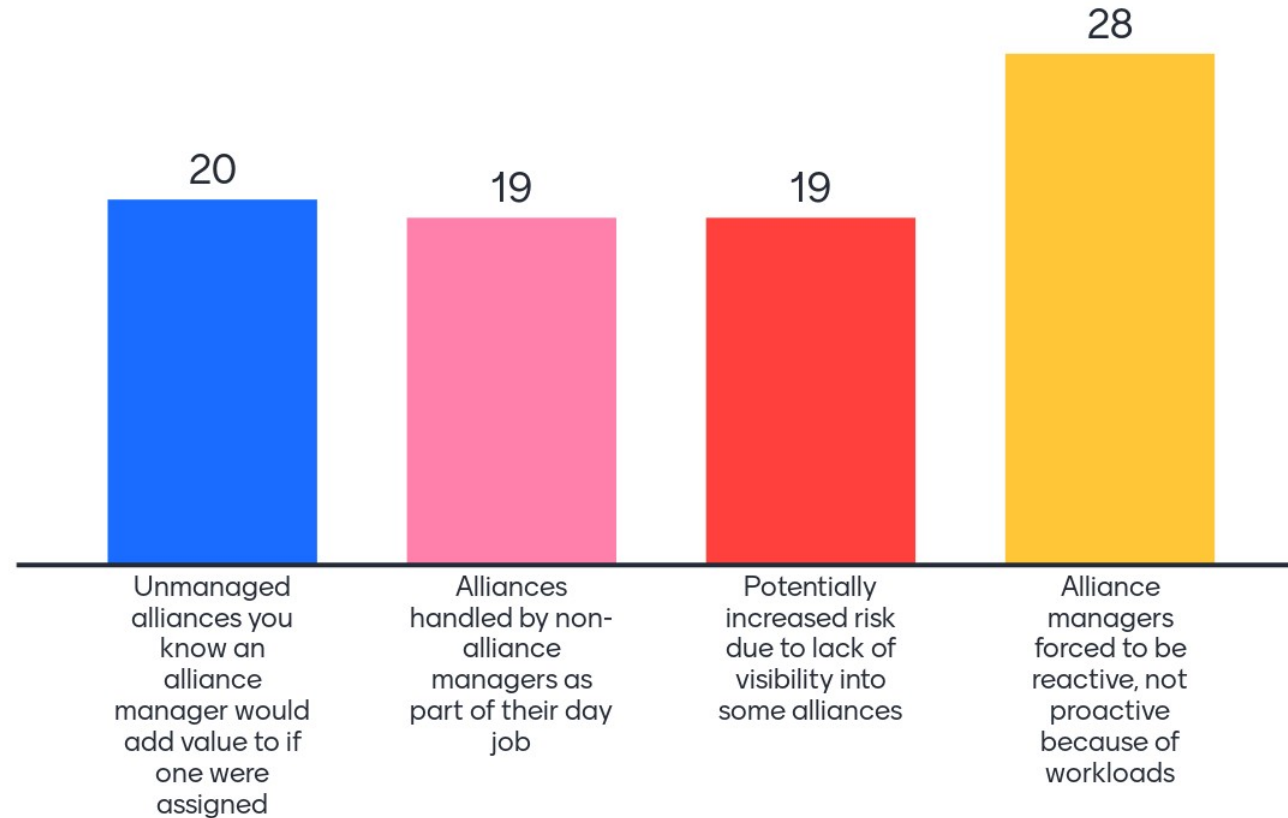
Then Along Came COVID-19 and a New Explosion of Partnerships
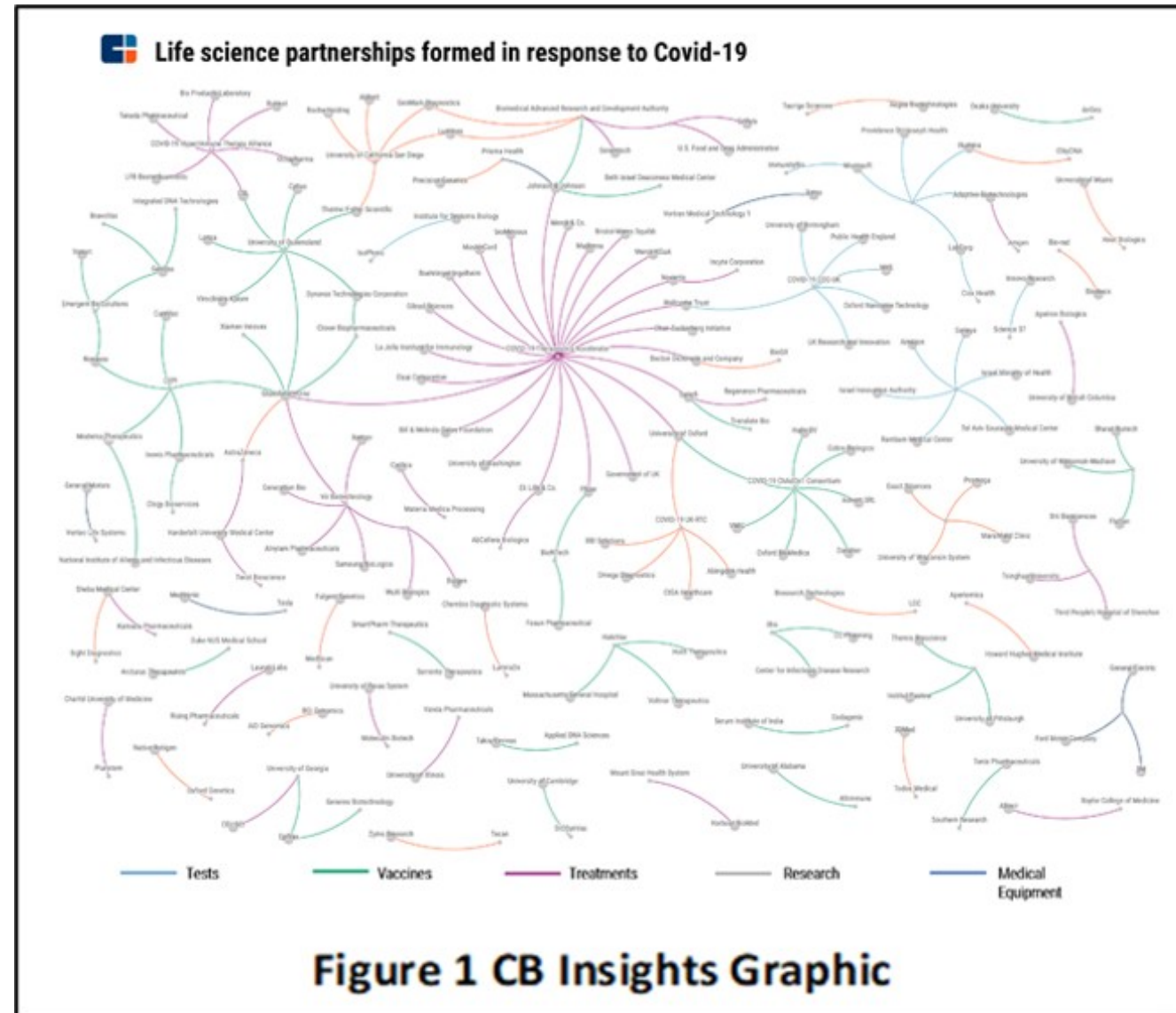
Figure 1 CB Insights Graphic

Business As Usual is "Just Too Hard"

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A New Urgency to Rethink How Alliance Management is Done and By Whom

Reimagining Alliance Management as an Agile Capability

"Agile organizations can develop products five times faster, make decisions three times faster, and reallocate resources adroitly and quickly."

Source: McKinsey

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The Goals of Agile Align Well with Minimizing Risk and Maximizing Value

- Enables innovation, collaboration, and value creation at scale and with greater efficiency
- Encourages rapid experimentation instead of rigid planning
- Produces more value from less work because of intense focus on a customer-centric North Star
- Promotes a mindset of abundance, discovery, and problem solving
- Requires leaders to devolve authority and become coaches

Apply Agile Principles to Alliance Management

Practice Components

1

Resourcing the Portfolio

2

Increasing Agility of Alliance Management Practices
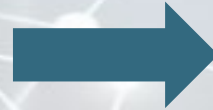
3

Adapting the Alliance Management Organization

Agile is Team Based

RAPID WORK CYCLES	VALUE CREATING MILESTONES AND GOALS	RIGOROUS PRIORITIZATION
SPECIALIZED AND FIT FOR PURPOSE ROLES AND TEAMS		LONG-LIVED AND TEMPORARY TEAMS
FOCUS ON STAKEHOLDER VALUE AND PARTNER EXPERIENCE		

Practice Component 1:
Resourcing the Portfolio

CURRENT IMPLEMENTATION OF ALLIANCE MANAGEMENT

APPLYING AGILE PRINCIPLES TO ALLIANCE MANAGEMENT

Tiering and scoping classification schemes focused on revenue/investment

Front Door governance process informs alliance management resourcing decisions and service levels across all types of alliances

Agile Needs a Stable Backbone

A front door process provides a common approach to resourcing and determining management strategy
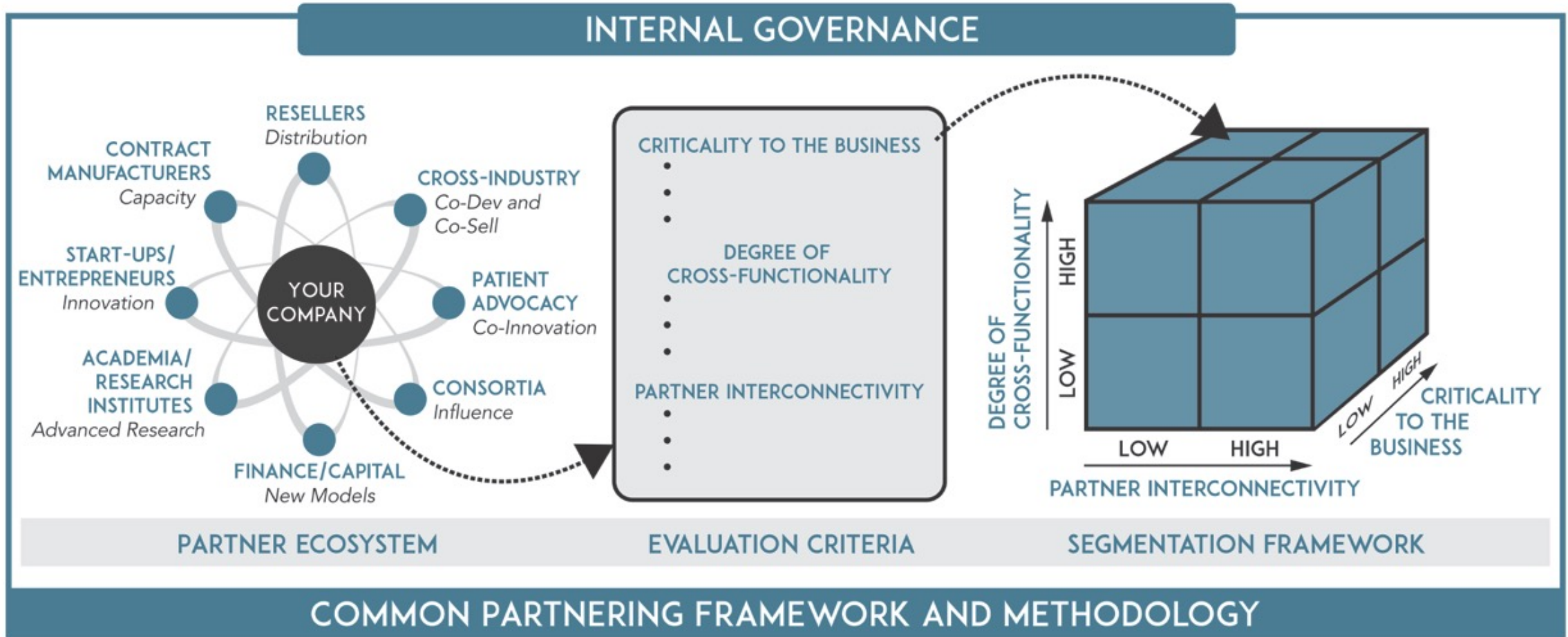
Options for Resourcing Alliance Management

Objective
Segment alliances based on profile into **complex**, **typical**, and **simple**
Align expertise and alliance management focus by segment to create transparency and consistency for stakeholders

Resourcing Options for More Complex Alliances

- A professional alliance management team, specialists known as a "node team" in agile parlance

- A professional alliance manager embedded in a specialist function, such as a gene therapy manufacturing team

Resourcing Options for Less Complex Alliances

- May or may not include alliance professional:
  - A cross-functional market-facing team
  - A cross-functional innovation team

- Novice alliance professional

More Complex Alliances Require Higher-Value Services

STRATEGIC OVERSIGHT — RISK MANAGEMENT — GOVERNANCE LEADERSHIP — ECOSYSTEM MANAGEMENT — NEGOTIATIONS

- Proactive decision planning, risk management, and problem solving
- Hands-on leadership of alliance governance
- Facilitating the negotiation of subsidiary agreements, such as quality, pharmacovigilance, and co-promotion agreements
- Navigating relationships with ecosystem partners, such as clinical collaborators
- Ensuring leadership has a holistic view of all alliance and relevant ecosystem activities, as well as all data required for key decisions

Practice Component 2:
Increasing the Agility of Alliance Management Practices

CURRENT IMPLEMENTATION OF ALLIANCE MANAGEMENT

Attempts at consistency met with mixed results. Practices are still largely manual, and based on skills and preferences of individual contributors

APPLYING AGILE PRINCIPLES TO ALLIANCE MANAGEMENT

Service Level Agreements with stakeholders, clear alignment with internal governance and functional activities, automated workflow and administration

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Three Principles for Increasing the Agility of Alliance Management Practices

Visibility and transparency of information create common language with shared meaning
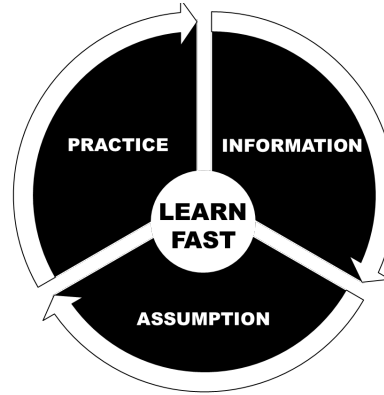
Structured, data-driven learning processes result in efficiencies while promoting experimentation and innovation

Digitize information and workflows to drive efficiencies through consistency of practice

Service Level Agreements with Stakeholders Establish Scope and Set Expectations

Service Level Agreement Template

Alliance/Project	Alliance North Star and Objectives		Segment
	North Star: 1. 2. 3.		

Value and Risks			
Near Term Value: • • •	Longer Term Value • • •	Near Term Risks • • •	Longer Term Risks • • •

Services			
Startup	**Planning**	**Risk Management**	**Problem Solving**
Measurement and Reporting	**Stakeholder Management**	**Strategic Oversight**	**Ecosystem Management**

Operating Principles and Agreements			
Alliance Manager Commitments • • •		Stakeholder Commitments: • • •	
Accepted by for Alliance Management/Date:		Accepted by for Governance Members/Date:	

- Develop a basic template of services to be provided based on the segmentation of the alliance
- Focus is on what *internal* stakeholders need to create value
- Align with counterpart—recognizing there will likely be some adaptation
- Align with governance committees on what alliance managers do and what the committee members do
- Get actual sign off—treat it as a contract that all expect to be honored

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Practice Component 3:
Adapting the Alliance Management Organization
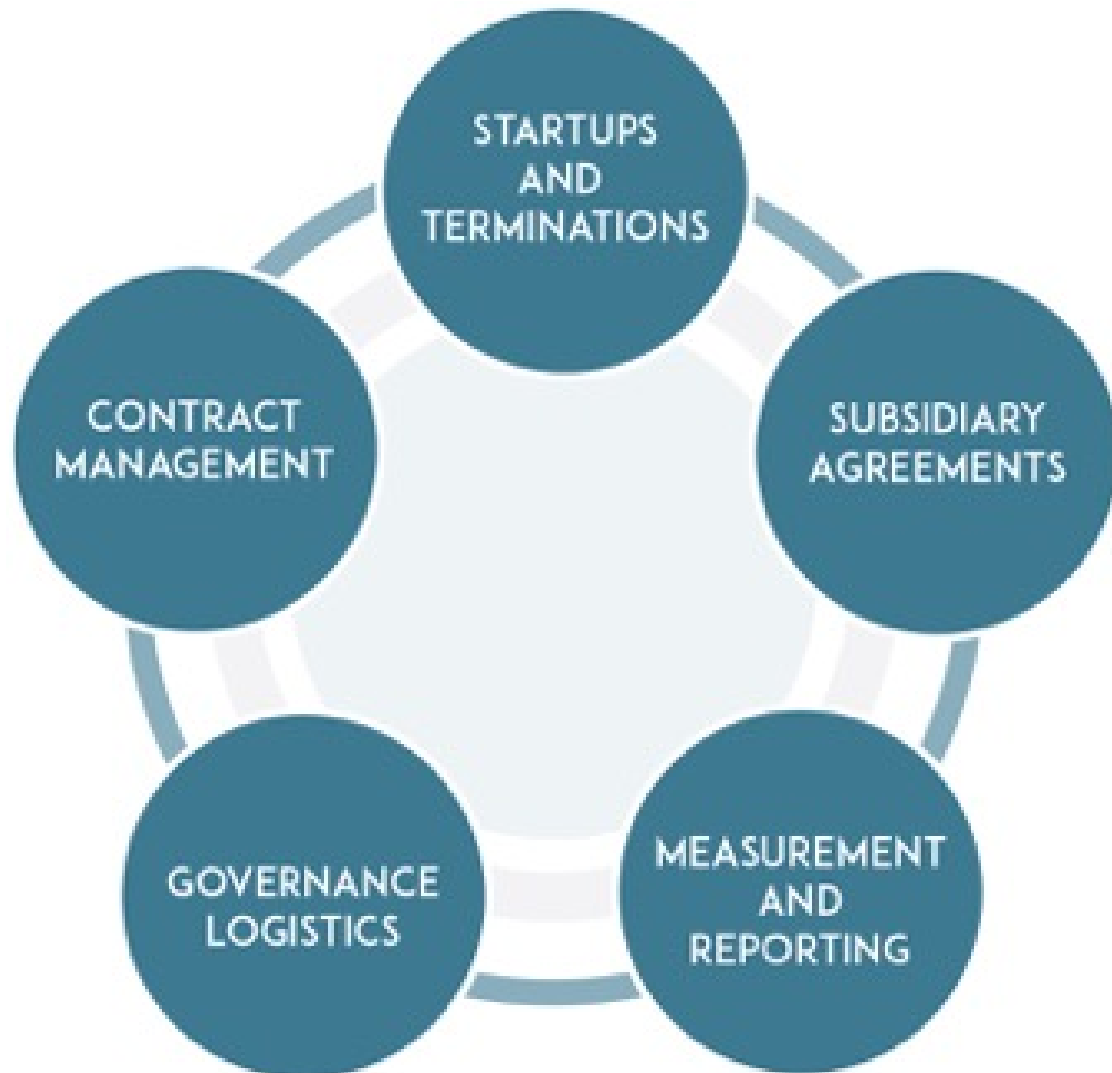
CURRENT IMPLEMENTATION OF ALLIANCE MANAGEMENT

One alliance, one manager model; other than administrative support and leadership, teams typically have one basic role

APPLYING AGILE PRINCIPLES TO ALLIANCE MANAGEMENT

Specialized, adaptable roles and responsibilities aligned with key value inflection points in alliances; proactive adoption program to build partnering mindset and skillset among stakeholders

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Specialist Roles Create Excellence and Encourage Innovation

STARTUPS AND TERMINATIONS

SUBSIDIARY AGREEMENTS

CONTRACT MANAGEMENT

GOVERNANCE LOGISTICS

MEASUREMENT AND REPORTING

What

- Define critical value inflection points that exist on (nearly) all alliances
- Task a small team or a single person to focus on excellence, efficiency, and effectiveness in specific services

Why

- Drive consistency of practice
- Free SPOC alliance manager to focus on individualized services
- Create opportunities for junior staff
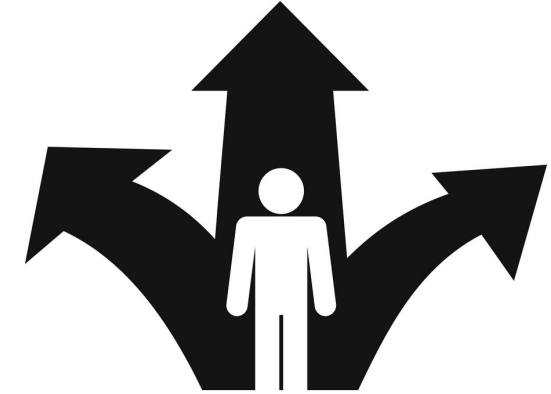
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Integrate Partnering into Functional Workflows
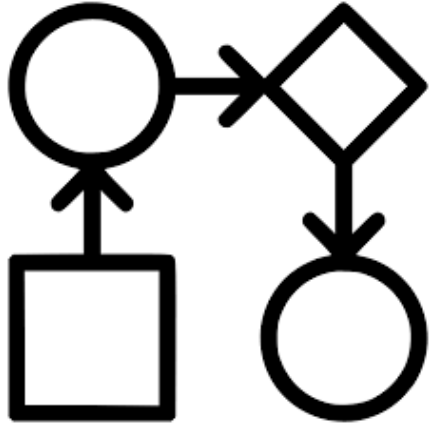
Map Partners into Standard Workflows

Align Financial Calendars

Create Transparency into Decision Making

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Start Reimagining

1. Define your destination – your North Star
2. Build a "destination back to the present" plan
3. Determine first steps that will have an impact
4. Enroll a small number of stakeholders who are champions for change
5. Grab the license you have now to fix what's broken, improve what's inefficient and own it!

Reimagining Alliance Management

- Strategies alliance managers adopted to handle increased numbers and complexity of alliances were reaching their limit before COVID 19

- There is a new urgency to rethink how alliance management is done and by whom

- Applying agile principles can help alliance managers create more value from less work

- Three components of the practice to consider:
  - Resourcing the portfolio
  - Increasing agility of alliance management practices
  - Adapting the alliance management organization

- Keep the focus on what matters most, testing and learning, prioritizing delivering value to customers and stakeholders

Don't forget :

Recent Publications

https://tinyurl.com/qoyh3e9

https://tinyurl.com/u32nlpm
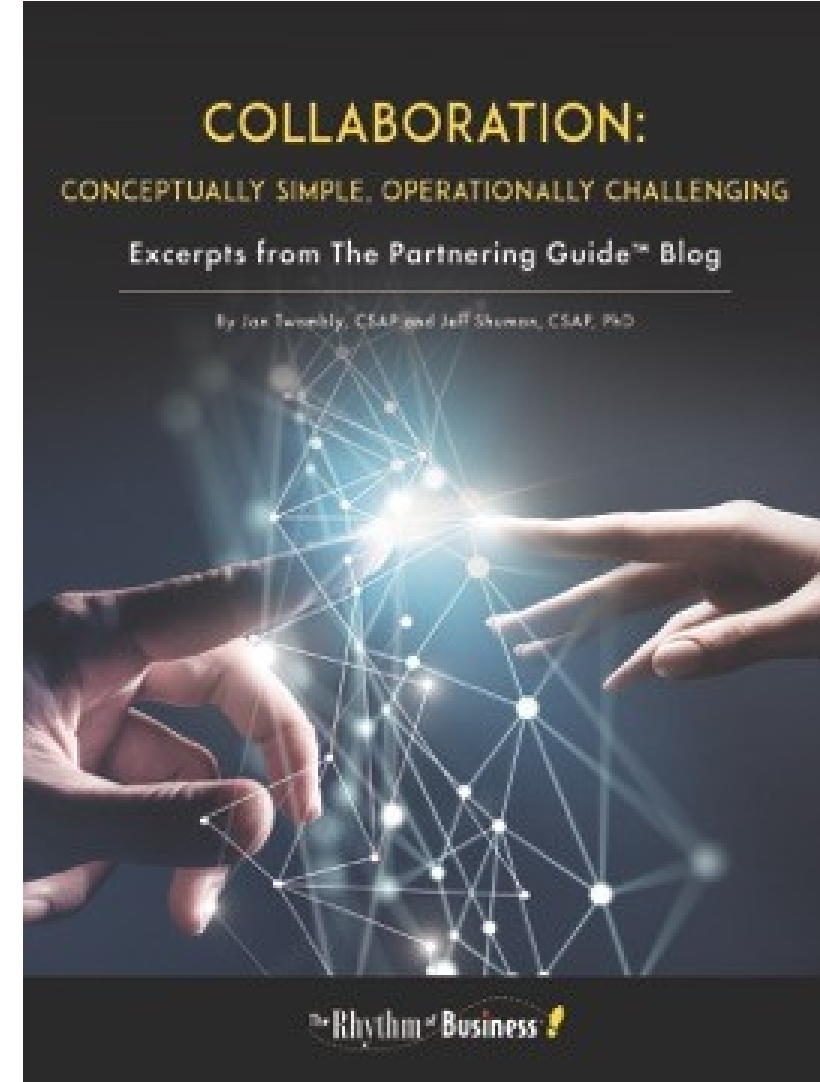
Questions

Empowering Collaboration and Partnering Success

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