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NEW WAR GAMES

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HELPING CLIENTS WIN

Pharma companies need to upgrade to competitive simulations to identify effective action steps and win in the marketplace

WAR GAMES 2.0



Many pharmaceutical professionals are aware that the industry in the US and Europe has evolved into the mature or competitive stage of its life cycle. This transition explains most of the key industry changes over the last decade, including fewer new products, stagnant markets, pricing pressures, and greater brand and generics competition. But despite recognizing this new era, many professionals continue to rely on an outdated business tool, such as the traditional business war games wherein brand teams divide up to test their own marketing elements against the tactics of their competitors. In today's market, this business tool requires a complete upgrade.

Live, qualitative competitive simulations are the new and improved version of business war games. These "War Games 2.0" hold several advantages for pharma professionals over the traditional version. For one, competitive simulations offer new approaches and capabilities to help fix many of the shortcomings associated with war games. For example, unlike war games, competitive simulations are specifically designed to identify action steps that help companies and products win in the market place.

Secondly, competitive simulations reflect the new era that the pharmaceutical industry has entered. While traditional war games focus primarily on physician detailing and messaging, competitive simulations take a holistic approach to competing, incorporating multiple disciplines and functions, various stakeholders, emerging market factors, and different types of competitors and competitive threats. In fact, performing old war games in the new pharmaceutical environment may actually lead to the wrong competitive and market conclusions, placing a company at competitive risk and disadvantage.

The following is a list of important upgrades offered in competitive simulations.

1 Customization of the Competitive Simulation Exercise

Traditional war game vendors typically use standard frameworks and templates, and simply plug in the names of products and competitors when conducting a war game. In contrast, consultants conducting competitive simulations recognize that every product, market, and competitive landscape is unique, and therefore each simulation must be designed de novo based on the client's specific objectives. Nearly every aspect of a competitive simulation can be customized, including critical issues or topics, competitive companies and products, market assumptions and timing, key stakeholders, the number of exercises and workshop duration, and many other factors. Customization ensures that the simulation reflects the brand team's competitive reality and offers useful insights.

2 Comprehensive Approach to Winning

Competitive simulation consultants understand that companies need to take a comprehensive approach that goes beyond simply marketing and sales strategies and tactics. Consequently, competitive simulations involve multiple perspectives from within the company as well as ideas from external sources. For example, simulations may reveal competitive advantages in functions such as clinical research, manufacturing, and distribution, or in disciplines like managed care, legal, or communications.

3 Incorporation of Key Pharmaceutical Stakeholders

In the old pharmaceutical world, it made sense for war games to include role-playing or actual physicians as the key decision-makers. However, competitive simulations reflect the new reality, incorporating multiple stakeholders as influencers and decision-

makers. For example, a typical global simulation may have either internal corporate professionals or external stakeholders playing the roles of managed care or government payers, an FDA regulator, a professional medical society representative, a patient, a key opinion leader, the head of a patient advocacy group, an industry critic, or other roles. The inclusion of these stakeholders dramatically enhances real-world perspectives, insights, and, ultimately, the simulation results.

4 Specific Action Steps

The biggest complaint following most war games is the lack of follow-up. In contrast, competitive simulations are specifically designed to identify practical, implementable action steps to help clients go to market. Moreover, to increase the likelihood of execution, competitive simulations are often integrated directly into a company's brand planning process.

5 Senior Executive Participation

Unlike war games, senior executives participate in competitive simulations for the benefit of both the simulation and the executive. Typically playing the role of judges, executives provide necessary sponsorship, guidance, and marching orders. Participating throughout a one- to two-day exercise, executives gain a greater understanding of the brand team's market, competitors, and issues. This experience enables executives to drive key action steps following the simulation.

6 Engaging Themes

Unlike the basic battle themes of war games, competitive simulations use entertaining themes such as a sporting event, a popular movie, or a reality show that reflects the feeling of the brand team's actual market competition. The more engaged the participants, the more productive the exercise.

7 Applications Beyond Products

Competitive simulations can be used not just for single brands but also for franchises, portfolio, and companies—an important application because pharmaceutical companies today compete on all of these levels. For example, oncology products often have multiple indications across different types of cancer and are typically used in combination regimens. Therefore, it makes sense to conduct oncology franchise simulations. Similarly, companies with large portfolios of products such as cardiovasculars or vaccines should consider conducting portfolio simulations.

8 Greater Frequency

Traditionally, war games were conducted during the launch of a company's or competitor's product. Pharma companies now recognize that brand teams need to practice—just like sports teams and music groups—much more often to be at the top of their game. In fact, there are pharmaceutical companies that conduct competitive simulations every quarter for their major products. Appropriate times for competitive simulations include the annual marketing or brand planning process; a company's or a competitor's new product launch; new data, labeling, or indications; when exploring a new strategy or product repositioning; a competitor's transformation of their strategy or tactics; and significant changes in customers, stakeholders, or other market factors.

Competitive simulations are more realistic, customized, engaging, and productive than traditional war games. By delivering specific competitive insights and action steps, simulations have been shown to dramatically enhance success in the real world. **B**

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7 Rules for the **NEW WAR GAMES**

Have you ever participated in “war games”? Traditionally, businesses have engaged in “war games,” in which a marketing group or brand team competes by dividing into teams representing themselves and their competitors to test marketing elements and assumptions. These old model war games were designed for the old model pharmaceutical world: they usually featured two head-to-head competitors; a “battle” of marketing messages and sales forces; and a vendor’s standardized, proprietary templates. These old war games are as outdated as the board game “Battleship.”

It’s time for war games to undergo an extreme makeover, starting with their name. Marketers are currently confronted with multiple types and numbers of competitors, from therapeutic class agents to generic to substitutes; more influential and diverse stakeholders; and complicated pricing, reimbursements, laws, and regulations. Concurrently, marketers also have a variety of new opportunities, including new products, customers, markets, channels, and technologies. Since “war games” in the current pharmaceutical environment are necessarily much more complex and need to address many more challenges than in the past, practicing “Competitive Simulations” is a better approach. Pharmaceutical professionals need to know about and leverage Competitive Simulations in order to optimize the commercial success of their products and gain the competitive edge they seek.

There are seven rules for Competitive Simulations:

RULE #1 “Competitive Simulation” is not just another name for war games.

Competitive Simulations differ from war games in their design, realism, objectives, flexibility, productivity, approaches, creativity, enjoyment, players, partners, and – most importantly – their results. By design, Competitive Simulations seek to replicate the realities that brand marketing groups face. Competitive Simulations address two new realities not addressed in traditional war games: the influence of multiple stakeholders on product adoption and the need to test an integrated marketing plan.

Both war games and Competitive Simulations feature traditional pharmaceutical customers: physicians, consumers, and payers. However, unlike war games, Competitive Simulations incorporate other relevant stakeholders, such as key opinion leaders, professional societies, guideline developers, regulators, government agencies, the media, patient advocacy groups, politicians, lawyers, industry critics, payers, and others. Today, it is not enough to know how your competitors will respond – marketers need to also know how their key stakeholders will respond, since stakeholders yield increasing influence on the adoption and utilization of pharmaceutical products. Competitive Simulations encompass stakeholders and their perspectives in a number of ways, including stakeholder-focused exercises, stakeholder-specific questions, and participants playing stakeholder roles.

For each Competitive Simulation, the type, number, and relative importance of stakeholders varies depending on the product, market, and other factors.

The second reality that Competitive Simulations address is that product marketing plans are not distinct pieces that can be tested in a vacuum. War games usually focus on a single, functional issue such as product positioning or physician messaging. In contrast, Competitive Simulations test the brand team's overall, integrated marketing plan in a virtual environment of competitors, stakeholders, and other market factors. In a series of exercises over a 1-2 day period, a typical Competitive Simulation will help identify, assess, and pressure-test the key elements of a team's marketing plan, including the brand strategy (positioning, messaging, branding, target audiences) and key tactics for customers and prioritized stakeholders.

RULE #2 **Break all the rules: Competitive Simulations are customized to fit the specific objectives and needs of the brand team, the product, and the market.**

Most war game vendors typically offer a standardized set of 2-3 war games with pre-set templates based on their proprietary systems or methodologies. In contrast, Competitive Simulation consultants recognize that each product, market, and team are unique and therefore create a much more customized solution.

I start the competitive simulation development process literally with a blank sheet of paper and ask the pharmaceutical team to state their objectives. Simulation objectives may include testing/validating current or future market plans or approaches; understanding specific competitors or market factors; assessing the reactions and influences of key stakeholders; generating new marketing ideas; helping to make key strategic or marketing decisions; building enthusiasm for a product launch; team-building; and others.

I then facilitate a discussion with the pharmaceutical team to identify, categorize, and prioritize their key issues, challenges, and opportunities. I work with the team to create exercises, templates, and an overall theme which best fit the team's objectives and key issues. Numerous customization options must be considered, including the number and identification of competitors; the number and roles of participants;

the simulation scope (e.g., geographic markets, time horizon); duration; location; budget; rules; metrics (e.g., team performance measures, feedback, etc.); and follow-up.

RULE #3 **Pick your Competitive Simulation players and partners carefully.**

Two important elements to customize Competitive Simulations are composing the teams and defining the participants' roles. Competitive product teams should represent an extended, cross-functional, multi-disciplinary pharmaceutical brand team. It helps for each team to have unconventional thinkers; those with experience with or competing against a competitor; global professionals; and company professionals not currently part of the brand team. I work with teams to prepare them to represent accurately the competitive team they are role-playing. Team leaders should have strong facilitation and organizational skills. Depending on the particular Competitive Simulation, there may be a variety of other participant roles, such as judges, panelists, constituents, stakeholders, or others. Participation of senior management in appropriate roles is a critical success factor.

Pharmaceutical executives should carefully select the Competitive Simulation firm. Competitive Simulations are typically conducted by consulting firms, independent consultants, and agencies. The firm partners with the extended brand team to design, develop, execute, and debrief the simulation. The firm's facilitator plays the most important roles before, during, and after the simulation. The facilitator's product category and industry knowledge are critical success factors as are his ability to direct the participants and activities; to ask tough questions and challenge conventional wisdom; to moderate various participant discussions; and to help the participants identify key insights, learnings, and action steps. Facilitators should have extensive Competitive Simulation, pharmaceutical industry, and moderator experience.

RULE #4 **Competitive Simulations are most productive when all participants are fully engaged and having fun.**

Like war games, Competitive Simulations tap into the competitive spirit by having participants assigned to different product teams. An appropriate level of competition helps to engage and elicit the best from

participants.

However, unlike war games, Competitive Simulations do not use basic war themes (e.g., “battles”) or other simple themes as the background for the competition. Instead, Competitive Simulation planners identify and leverage captivating, creative themes customized for each particular simulation. When competitors have fun, they are more creative and productive.

RULE #5 Competitive Simulations deliver game-changing results.

Competitive Simulations produce dramatic results because they offer participants two licenses: a “hunting license” and a “creative license.” The hunting license enables participants to role-play a competitive brand team and ask “How would we attack our strategy and tactics if we were a competitor?” By encouraging team members to role-play the competition, teams have the opportunity and responsibility to find weaknesses in their own company’s strategy and tactics in a safe environment. It provides the same opportunity for the team role-playing the company’s own brand team to try novel ways to attack the competition.

Creative license encourages teams to find innovative approaches, novel tactics, and new approaches to beat the competition. Competitive Simulations use innovative exercises and unconventional templates – which teams can modify as needed -- to help the participants think differently and provocatively. To enhance creative thinking, Competitive Simulations leverage unique techniques, such as “wildcards,” unplanned market events or circumstances; “blindspots,” incorrect market assumptions; and “game-changers,” innovative, out-of-the-box approaches for winning.

The exercises, templates, and techniques of Competitive Simulations help to deliver four types of output:

- Understanding market forces and stakeholder influences;
- Insights into competitors’ plans, approaches, and rationale;
- Testing, validation, and/or refinement of company’s own strategies and tactics;
- Key insights and follow-up action steps.

The key insights and action steps are the most critical of the outputs. These are captured in several ways: immediately following exercises with facilitated discussions and/or written participant feedback; at the

end of each day in facilitated discussion; and following the simulation in a brand team debriefing session.

In addition to these four deliverables, Competitive Simulations usually offer one additional bonus: the “Wow Factor,” a surprising and important revelation for the overall brand team. Sometime during the simulation, a participant or a team identifies a dramatic insight that redefines how the brand can think, act, or go to market differently following the simulation.

RULE #6 Competitive Simulations should be integrated into overall market/competitive planning.

War Games are often conducted as “one-off” exercises with little or no relationship to overall marketing or competitive planning. In contrast, Competitive Simulations are designed to be an essential component of the planning process. Competitive Simulations have at least three potential roles in planning. They can be used to initiate or “kickoff” a marketing or competitive planning process. In this way, the simulation helps identify key competitive challenges and opportunities to be addressed in the planning process. Competitive Simulations can also be used during the competitive planning process as one of several other planning inputs (e.g., competitive intelligence, competitor analyses, market research and analyses, etc.). Lastly, Competitive Simulations can be used at the end of the competitive planning process to pressure-test and/or validate a brand team’s competitive plan.

RULE #7 Get in the Game and Gain the Competitive Advantage

Every brand team should conduct competitive simulations for two primary reasons:

1) It is essential to optimize the commercialization of your product.

Pharmaceutical companies regularly spend over \$800 million to conduct clinical testing of products; it only makes sense to spend about .01 % of that to do commercial testing in the form of a competitive simulation. Unlike any other form of market research, Competitive Simulations enable brand teams to test the entire, integrated marketing plan and tactics, much like we test the chemical compound in Phase III Studies -- not just the various ingredients. Competitive Simulations help managers anticipate, respond to, and

produce change in the management of their products and teams.

2) Your competition is likely conducting Competitive Simulations and gains competitive advantage if you are not.

Most companies do some form of Competitive Simulations to understand your product strategies and tactics in order to find approaches to win against your product and your team. It is critically important not only to conduct competitive simulations but also to perform them with the newest approaches, cutting-edge techniques, and best partners. **B**

Best times or situations to conduct a Competitive Simulation:

- Launching a new product or indication
- Competitor’s launching a new product or indication
- Exploring a new or novel strategy
- Need for product repositioning
- New data or labeling
- Competitors’ transformation of their strategy or tactics
- Changes in customers, stakeholders, or other market factors

COMPETITIVE SIMULATIONS HELP TO DELIVER FOUR TYPES OF OUTPUT

1. Understanding market forces and stakeholder influences
2. Developing insights into competitors’ plans, approaches, and rationale
3. Testing, validating, and/or refining a company’s own strategies and tactics
4. Formulating key insights and follow-up action steps

The key insights and action steps are the most critical of the outputs. These are captured in several ways: immediately following exercises with facilitated discussions and/or written participant feedback; at the end of each day in facilitated discussion; and following the simulation in a brand team debriefing session. In addition to these four deliverables, competitive simulations usually offer one additional bonus: the wow factor, a surprising and important revelation for the overall brand team. Sometime during the simulation, a participant or a team identifies a dramatic insight that redefines how the brand team can think, act, or go to market differently following the simulation.

COMPARISON OF WAR GAMES AND COMPETITIVE SIMULATIONS

<i>Attributes</i>	<i>War Games</i>	<i>Competitive Simulations</i>
Primary Objectives	Testing of individual marketing element (e.g., physician messages)	Testing of integrated marketing plans and key elements
Format	Standardized, turn-key games	Customized, objective-driven solutions
Primary Players / Roles	2-3 competitive teams, one customer role (e.g., physician)	2-4 competitive teams, multiple customer and stakeholder roles
Themes	War/battle, various games	Creative, real-world activities
Roles in Marketing Planning	Limited: usually an independent event	Integrated: kickoff, input, or validation of planning
Advantages	Straightforward approach, standardized templates/tools, simple set-up, numerous vendors	Customized approach, simulation of pharma realities, captivating, engaging exercise, action steps for market planning
Providers	War games vendors and market research firms	Consulting firms, independent consultants

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HELPING CLIENTS WIN

The #1 Global Competition Consulting Firm for the Pharmaceutical Industry

Headquartered in Morristown, N.J.

Founded in 1999

Mission: ***Helping Clients Win***

Services:

- Competitive Simulations (Business War Games 2.0)
- Competitive Product Launches and Counter-Launches
- Customized Competitive Workshops
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Scope: The firm works across health care products, therapeutic areas, product lifecycle stages, markets, stakeholders, and competitive landscapes.

Clients: Over 125 leading pharmaceutical and health care companies across five continents



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