



eProposals: An Interactive Approach to eProcurement

- A more transparent solution to vendor selection in an evolving technology environment

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By: David Slack, Quanticate Ltd

Over the past 10 years, the industry has seen the emergence and advancement of technologies in the clinical trial process, including electronic data capture (EDC), electronic Patient Reported Outcomes (ePRO), and the electronic Common Technical Document (eCTD).

Such advances have had a tangible impact on streamlining the delivery of clinical trials. However, despite the fact that up to 80% of all trials are outsourced to third parties, the selection of a suitable CRO partner still involves a labor intensive procurement process that is often costly-in time and money-to both sponsor and CRO alike, and can involve a significant paper trail.

A global electronic procurement (eProcurement) report released by SPG Media Research in 2007 indicated that approximately 90% of businesses worldwide are now involved in some form of eProcurement, and highlighted that key decision makers are incorporating them into overall organizational cost reduction strategies.

It's estimated that the U.S. business sector is now saving \$700 billion dollars per annum by employing an eProcurement approach.

In the life sciences, eProcurement solutions are well-established and have proven to reduce costs through streamlining the purchasing of lab products, IT equipment, and office supplies. Such platforms can also integrate with internal financial systems offering significant time savings.



What's going on

In 2007, SciQuest and Invitrogen Corporation embarked on an eProcurement partnership-the first of its kind within the life sciences industry-to deliver a multivendor platform to targeted sponsors that allowed them to recognize efficiencies and have more control over their purchasing practices, which delivered significant savings in their organizations.

Within the pharmaceutical industry, many eProcurement-based processes have begun to govern outsourcing practices.

eProcurement platforms and electronic document management systems such as the Ariba B2B Commerce Platform and Microsoft's SharePoint are being employed in the tendering process, with contract service providers progressively more incorporated in the eProcurement infrastructure developed by sponsors.

Commercially available platforms such as these can reduce the tasks of distribution, receipt, and tracking of tender submissions to help streamline and manage the entire procurement process.

Electronic tendering has recognized business benefits in reducing the tender cycle time and paper trails, accompanied by a reduction in costs to both buyers and suppliers. The systems enable faster response times to questions and clarification points during the Request for Proposal (RFP) process and provide robust electronic audit trails for sponsors. From a CRO perspective, however, the time to complete responses can be increased, as there is a tendency from sponsors to request additional information to supplement the proposal.

Limiting factors

Online electronic auctions have enabled sponsors to create interactive and real-time bidding environments as part of preferred-provider selection initiatives.

Although this technology is increasingly employed by a number of pharmaceutical companies, the approach offers limited interactivity and still represents a detached and transactional shopping-cart approach to CRO-sponsor interactions, with limited opportunity to develop the relationship outside of a formal-bid defense process.



A further limitation of current eProcurement solutions is the continued reliance on "traditional" proposal and pricing documents that are uploaded onto an eSourcing platform.

However, the current evolution of more long-term strategic relationships, exemplified by the established association between Wyeth Research and Accenture, the Functional Service Provider (FSP) initiative pioneered by Pfizer in 2003, and more recently Lilly's contract with Covance for clinical and preclinical research services over the next 10 years, highlights a desire to develop more collaborative partnerships and greater transparency within the industry.

If a more interactive approach to the tendering process were adopted, it could engender greater transparency at the earliest stages of the CRO-sponsor relationship. This would help establish a more collaborative and trusting environment to maximize the chance of successful study delivery.

Such a strategy has clear advantages to both CRO and sponsor. In such an aggressive and highly fragmented marketplace-there are currently around 1100 CROs worldwide-CROs need to differentiate themselves from competitors at the earliest stage of the sales cycle. The proposal often provides the first opportunity for sponsors to assess the capabilities and expertise of an organization, and can be indicative of a CRO's ability to deliver a quality product whilst working to a tight deadline.

From a sponsor's perspective, the quality of the proposal document is clearly a differentiator and provides insight into whether potential vendors understand the requirements of a particular study and the expectations of the sponsor.

Further, sponsors need to compare the capabilities, resources, experience, and pricing models of a range of CROs through a document that is often prepared within a short time frame. Does this approach really allow sponsors to adequately assess vendors that they will entrust to successfully deliver their clinical projects?

A well-presented proposal should clearly demonstrate a CRO's depth of relevant expertise and offer an operational strategy that will provide a clear and well-defined solution to a sponsor's clinical trial requirements.



In his book *Writing Winning Business Proposals* author Richard C. Freed states¹ :

"Although a few [proposals] are outstanding, most aren't. Many offend with 'cut-and-paste' boilerplate, miss important opportunities to provide value, suffer from poor logic and organization, and focus more on you than on me and my organization. Although some do a few things well, some don't do much well at all."

Creating the eProposal

According to Harold E. Glass and Daniel P. Beaudry,² sponsor companies use five general dimensions in evaluating and selecting a CRO: Processes for Issue Identification and Resolution; Specifics of Project Execution; Team Chemistry; CRO Experience; and CRO Capabilities.

Current procurement processes and traditional proposal responses provide minimal opportunity to address these key selection criteria appropriately. Proposals often struggle to convey the expertise of the CRO effectively and fail to highlight sponsor hot-buttons for a successful partnership.

If an eProcurement environment was provided by the CRO instead of the sponsor, this would redefine the interaction and collaboration between CRO and sponsor at the earliest stages of the relationship.

Implemented using commercially available platforms, such as eRoom, Ariba or SharePoint, or through solutions combining database servers (e.g., MS SQL Server 2007) to store the data with Web servers to host the Web pages, sponsors would access the system via a desktop Web browser through a secure internet link.

Levels of secure access-assigned by the CRO-would permit sponsors to navigate through an electronic proposal (eProposal) area to evaluate a CRO's portfolio of experience and capabilities, including general company information and relevant study-specific expertise.

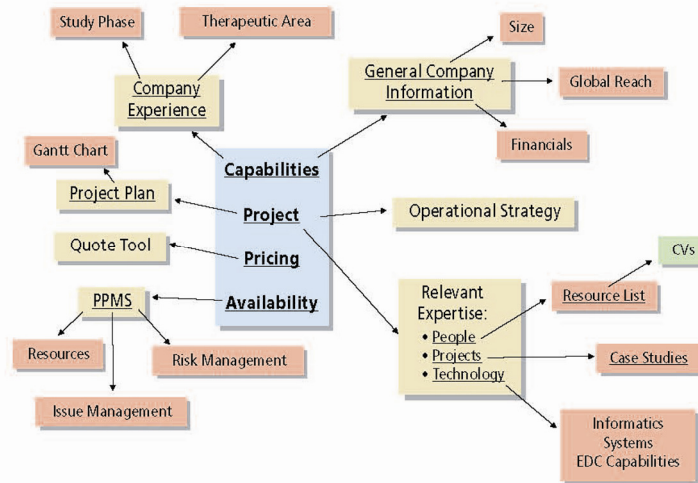


Figure 1

The implementation of such a solution provides instant access for sponsors to assess CRO core competencies and requires only a minimum paradigm shift within industry. However, the provision of accessible resource-planning software and the concept of an interactive pricing tool may require a bigger leap of faith.

Interactive resource planning

Interactive approaches to resource planning and tracking are already in place. For example, in our organization we have implemented a Web-based project portfolio management system offering secure access to users via Web browser.

This platform is used to collect and forecast resource requirements over varying time frames to provide a single view of resource capacity, work demand, and skills profile. Through this secure Web portal, sponsors will have global visibility to resource capabilities and can not only identify and select a project team through screening core competencies at the eProposal stage, but can also track the progress of their existing studies on an on-going basis.

This technology solution not only facilitates resource planning and modeling, but also scope management, risk management, issue management and escalation, and project status reporting, enabling sponsors access to critical information to drive the CRO selection process.



There is continued discussion within the industry for a standardized approach to the bid template. Current sponsor-specific bid-grids go some way to facilitate cost comparisons between vendors, but mapping budgets to these tools can be time consuming for CROs and often result in more questions than answers, as CROs shoehorn their own pricing models into a sponsor-specific format.

Allowing access to an interactive pricing tool allows sponsors to modify key budget drivers, such as number of sites, patients, monitoring visits or CRF pages to assess the impact on the overall price of a study. By interacting with the budgets, sponsors will have a greater understanding of the CRO pricing structure. This improved transparency should reduce the requirement for bid-grids, saving CROs time preparing budgets while minimizing risk of pricing misunderstandings by both parties at the outset.

CRO advantages

The current proposal process is time consuming, and there are limitations with the format that restrict how information is presented. A CRO hosted eProcurement solution enables CROs to deliver a flexible and interactive response to sponsors that will address the five key evaluation and selection criteria highlighted and maximize proposal hit-rate.

Further, by providing restricted access to key company and study-specific information, the CRO can retain control of the documents and process, while addressing specific RFP requirements with greater detail and clarity within a much reduced time frame and with a minimal paper trail.

Sponsor advantages

CRO proposal responses vary in quality and relevance, with sponsors often wading through large documents to identify salient points. The eProposal allows sponsors to review information in bite-sized chunks, focusing on key areas of interest and with a greater level of transparency.

Relevant documents can be downloaded and distributed as required and the appropriate levels of access can be predefined with the CRO to enable a thorough assessment of CRO capabilities at the RFP stage.



Transition from a traditional paper-based approach to an electronic interactive platform is just a small step from currently available eProcurement solutions. Embracing a constantly evolving technology environment at the earliest stage of the clinical trial process offers clear advantages for all stakeholders, not just in time, but in harmonizing CRO and sponsor teams at the outset of the relationship.

David Slack, *PhD*, is head of contracts & proposals at Quanticate, Bancroft Court, Hitchin, Hertfordshire SG5 1LH, United Kingdom, email: david.slack@quanticate.com

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