

Innovation In Action At Bristol-Myers Squibb

Client Situation

Bristol-Myers Squibb (BMS) is one of North America's largest pharmaceutical companies with sales exceeding US \$19 billion in 2001. In an environment of industry consolidation and widespread patent expiration for many blockbuster drugs, the company saw the need to increase sales and develop its product portfolio. BMS executives wanted to build a pipeline of revenue generating ideas to grow its pharmaceuticals and medical products businesses. That process would require collecting a large volume of input, of varying quality, and creating an evaluation method for reviewing ideas with minimum expense and staff time.

The Solution

After initial attempts to create an in-house solution, BMS selected Idea Central, the industry's leading Idea Management software from Imaginatik. The system was quickly installed on the internal BMS network and used by thousands of employees worldwide. Offered first to brand teams supporting specific products, the application was then used for ideas generated around line extensions, marketing and communication tactics, and direct-to-consumer and doctor communications. The system, known as the Idea Bank, collected ideas using structured forms and allowed for rapid review.

The Results

By 2003, more than 5,000 ideas and concepts have been collected. BMS has implemented several employee suggestions in the market, particularly to support product launches. One project, the "War on Diabetes", allowed BMS to introduce a range of diabetes products and management tools that help improve the quality of life for diabetes patients, achieving one of the fastest conversion rates for a patented drug in the history of the pharmaceutical industry. In this way BMS has been able to harness the enormous brainpower of their highly-skilled and educated work force to address critical business challenges.

The Future

The use of Idea Central has expanded from Corporate Market Research to different business units and departments within BMS, such as Mead Johnson Nutritionals.

Full Case Study: Bristol-Myers Squibb

1. Company Background

In 2001, Bristol-Myers Squibb (BMS) had four “blockbuster” drugs, each with more than US\$1 billion in annual sales. It was America’s fifth-largest pharmaceutical company with more than US\$19 billion in annual revenues, and a corporate mission to extend and enhance human life worldwide by providing the highest-quality pharmaceuticals and health care products and services. From Enfamil infant formula to Taxol, a cancer treatment, BMS products are well-known in the global marketplace. One of its top sellers, Glucophage, was the most-prescribed drug for lowering blood sugar levels in Type II diabetes - and facing patent expiration.

2. The Challenge

BMS enjoys an industry-leading reputation derived, in part, from relying on ideas, innovation and the intellectual abilities of employees to continue developing a profitable range of products. New drugs cost millions to discover, develop, test, approve, and market appropriately – and while the resulting revenue can be enormous, it can also be short lived. One reason for accelerating global consolidation in the pharmaceutical industry was the slowing introduction of novel, blockbuster drugs with revenue streams protected by patents. As the Wall Street Journal reported:

“In 2000, U.S. drug makers together spent more than \$25 billion on R&D, but filed fewer than 150 applications for new drugs. In 1983, they spent less than \$4 billion and filed more than 250 applications. Companies such as AstraZeneca PLC, Schering-Plough Corp., Merck & Co. and others, all face imminent patent expirations on blockbuster drugs which typically account for a large proportion of a drug maker’s profit.”¹

Using the skills and knowledge of its own staff, BMS sought out ways of promoting its brands, extending the reach of its products, and offering value-added services. Operating in a regulated industry limited its choices. Input from field marketing and sales personnel was critical, yet the company had no structured way of assembling, organizing and ranking the suggestions collected from the field.

¹ Source: Wall Street Journal, 12 Feb 2002

3. Innovation Audit Leads to Idea Management

BMS performed an audit of its existing innovation activities in late 2000 with the involvement of over 400 managers and executives. The results showed that an effective Idea Management system was critical to increasing the available pipeline of customer solutions, and tapping into a readily available source of employee creativity.

A large percentage of BMS employees hold advanced degrees in a wide range of subjects, so management saw significant potential in increasing employee participation in solving line-of-business and 'big-picture' revenue problems.

A vast amount of creativity and innovation existed throughout the firm, yet executives were concerned that any system for collecting, storing, sharing and retrieving that input might lead to potentially massive administrative costs – both in staff time to create and monitor the system, and the expense of the new applications.

4. The Idea Management Solution

BMS's first reaction was to build an internal application using in-house IT resources. The resulting application was unable to handle the initial response from contributors. In particular, the system lacked several essential features to cope with workflow, idea reviews and security. After an extensive competitive review, the company determined Idea Central, a web application from Imaginatik, to be the most complete Idea Management software available. Especially the user-friendly design proved invaluable as the application could be deployed immediately with no end user training.

"We quickly realized that Imaginatik delivered a better, more sophisticated application that suited our needs – and was instantly usable – much more easily than we could have done it ourselves."

- Marsha McArthur, Innovation Manager

Ideas are submitted via a secure internal web site on structured forms. Rather than collect 'random' ideas through a traditional suggestion box, BMS has adopted the Event Approach developed by Imaginatik. This helps maintain employee interest levels and participation rates, and aligns corporate creativity with tactical and strategic business objectives.

Ideas are shared amongst peers, and concept development is strongly encouraged through peer reviews and comments. This has proved useful in turning seed ideas into more mature concepts.

Project-specific review teams evaluated ideas against weighted scorecards, customized for each event, to ensure that each idea is rated according to consistent and appropriate criteria. Top ideas are presented to management and the best ones are implemented. Ideas that are not immediately acted on are stored in an Idea Warehouse for possible future use.

5. Winning the 'War on Diabetes'

One of BMS' most successful products is Glucophage, the most-prescribed drug for lowering blood sugar levels in Type II diabetes, with \$1.7 billion sales in 2000. The patent for Glucophage was due to expire in early 2002, and the onset of generic competition was likely to have a major impact on sales. Generic competition has been increasingly aggressive in recent years, with Eli Lilly & Co losing more than \$2.5 billion annual sales following the loss of patent protection for Prozac in August 2001².

The company had developed a range of improved products based on Glucophage to help improve the quality of life for diabetes sufferers, specifically with the introduction of 'once-a-day pills', Glucophage XR and Glucovance, and a range of diabetes management tools. Management came to realize the importance of informing patients and medical practitioners in increasing the adoption rate for the treatments.

The company decided to use Idea Central as a method of enlisting help from its global work force to find ways of extending the Glucophage relationship with prescribing doctors and patients. In the summer of 2001, an Idea Central event called the "War on Diabetes" was launched.

Sales and Marketing employees from all around the world – over 3,000 individuals - were asked to come up with new ways of promoting Type II diabetes treatments. The four-week event generated over 400 suggestions, several of which were complementary to existing plans, and some involved new techniques for direct-to-consumer marketing.

The brand team selected twenty concepts after a month of deliberation, and these adopted ideas were incorporated into the successful "Be Aggressive" marketing campaign.



² Source: "How Lilly Could Bloom Again", BusinessWeek, 29 August 2002

Several employees suggested coupon ideas, and the resulting 'couponing' approach quickly established the new products among loyal customers and sped the conversion from old to new prescriptions.

One employee suggested a customized van touring the United States to promote BMS treatments. The 'Glucovan' - a million-dollar mobile diagnostics unit - traveled across the country in 2001 and 2002, screening over 140,000 people for Type II diabetes and raising awareness of the disease. The tour created goodwill for BMS and increased recognition of its Glucophage oral medicines.

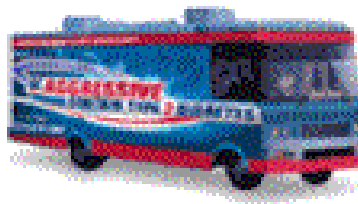


Figure 1 The Glucovan

Supported by these ideas, as well as promotions and celebrity endorsements, the company experienced one of the fastest conversion rates in the history of the pharmaceutical industry. In 2002 alone, sales of Glucophage XR extended-release tablets grew 29 percent to \$297 million³.

6. The Results

Prior to Idea Central, the company had no formal program for collecting ideas from employees, and only a small number of suggestions were recognized each year. Within a year of implementing Idea Central, employees had contributed 5,000 ideas around diverse business problems, from product launch to sales process efficiency. Several product groups received a wide range of contributions – from print materials and promotional coupons to entire scripts for TV commercials – with ways to add services or new recognition to BMS products.

The Marketing Research group conducted extensive analysis of around 1,000 ideas to validate the quality of the concepts and the eventual business value of the top ideas. The 'Idea-thon' study found that 10% of the ideas had significant business value, although not all were implemented. They discovered that 2.5% of the ideas were 'truly exceptional' and that even a single 'small' idea could pay for the entire company-wide implementation of the Idea Central system.

³ Source: Bristol-Myers Squibb Company 2002 Annual Report

"By collecting these ideas, you may find one or two that make the difference between winning and losing in an extremely competitive landscape. Idea Central was critical to speeding the collection, evaluation and implementation of some excellent - and potentially overlooked - solutions."

- Marsha McArthur, Innovation Manager

7. The Future

The use of Idea Central has expanded from Corporate Market Research to different business units and departments within BMS, such as Mead Johnson Nutritionals. The expectations are that Idea Central will continue to generate multi-million dollar opportunities and a pipeline of sales, marketing, and process improvement ideas throughout the organization. Management support is recognized as the critical success factor; it helped initiate the project, and hopefully it will continue to support its future success.

"Idea Central has paid for itself and is expected to generate a long-term return on investment in the hundreds, if not thousands, of percentage points... if the company's leadership continues its commitment to developing the process"

- Marsha McArthur - Information Week, March 2002⁴

Contact Information

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⁴ "A Timely Notion Worth Considering", InformationWeek, March 25, 2002