

Dendrite International, Inc.: Entering the Central and East European Market

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Dendrite International, Inc.

Introduction

Technology, globalization and the rise of digital economies are changing the landscape of our world. The transition from primitive society to industrial society took centuries, but the industrial society has changed to a society based on information in the short span of a few decades. As the industrial society was based on manufacturing, the current era of the information society is based on the use of information as a resource. The ability to record, synthesize, and use information through computers is called Information Technology¹. With the age of information technology and communications in the 21st century, the distances that once existed between various regions of the world have vanished and the world has converged into one large society and market with various groups of people having inherent differences. In such an era, people have constant access to their information through computing systems from publicly shared points, anywhere in the world. The rapid growth of computers and telecommunications technology has created an infrastructure that allows computers to connect with each other world-wide and to exchange information at the speed of light. This is the single most important force shaping our society in the current century. Virtual government, virtual borders, virtual business, virtual reality, are all being made possible due to information technology, and are altering the way people and business communicate. This in turn, is redefining the global market place². Indeed, in his book *Management Challenges for the 21st Century*, Peter Drucker notes that three megatrends that will influence all businesses are technology and the use of information, shifting demographics as the advanced countries age, and globalization. In the case of Dendrite we see all three factors at work on an interactive basis.

As part of these developments, the advent of wireless technology has already had a profound impact on common people's lives, day in and day out worldwide. Besides the businesses and consumers being large scale users of the wireless technology, hospitals and other health care facilities are some of the largest customers of pagers, cell phones, handhelds, and wireless LANs around³; and there is a very good reason behind it. Information technology and telecommunications have saved hundreds of lives across the world as health care organizations, emergency services, research and development organizations, weather forecast and warning centers and counter-terrorism organizations, as well as a myriad of other organizations and businesses around the world, use information technology to perform their day to day activities. Recently, a cardiac patient that lay unconscious in a small military hospital in Guam was attended by a heart surgeon who was not in the operating room or even on the island, rather 3,500 miles away at the Tripler Army Medical Center in Honolulu. Dr. Benjamin Berg supervised the entire surgery in the hospital at Guam, while in front of a computer screen in Honolulu where he dictated the procedure to the less-experienced colleague who performed the operation,

1 Introduction to Information Systems and Computer Applications, <http://ccis.athabascau.ca>

2 Linda Lizotte-MacPherson <http://www.tbs-sct.gc.ca>, Strategic Directions for Information Management and Information Technology

3 Dan Briody, <http://www.infoworld.com>, Wireless World

monitoring every move with a high resolution video camera while getting the instant sensor data from the catheter that was slid carefully into the right chamber of the patient's heart. The complete procedure required real-time information where a delay in the transmission of data about the pressure inside the heart would be fatal. This demonstrates the significance of information technology and telecommunications as a critical societal support in the 21st century. It is now a basic necessity in every day life⁴ and a major contributor to everything to do with healthcare and medicine.

As the world converges into one entity, most business activities such as technology, research, capital, investment, production, marketing, distribution, and communication networks, have global dimensions. Businesses are preparing to compete in an increasingly interdependent global economic environment and this demands an awareness in business-people that reflects an understanding of the effects of these trends. This is true whether the firm is a domestic company that exports or a multinational or global corporation with subsidiaries around the world. With the globalization of markets, even domestic companies find themselves dragged into the fray of dealing with foreign customers, competitors, and suppliers, even within one's own geographical border. To survive in this cutthroat global business environment, companies need to seek new foreign markets to sustain their growth rates⁵. Thus as companies plan the internationalization of their products and operations, they must be cognizant of the complexities and diversities of building, sustaining and enhancing their international marketing operations. The task of international marketing is complex and diverse as each foreign market has its own unique set of unfamiliar problems in forms of competition, legal restraints, governmental controls, weather, customers and a myriad of other uncontrollable elements, which require a variety of strategies to address their particular challenges. In this international marketing mix, there exists both a set of controllable elements such as products, pricing, promotion and distribution, and a set of uncontrollable elements in the marketplace such as competition, politics, laws, consumer behavior and the level of technology. Among these controllable and uncontrollable factors, the most important decision a company must make is the mode of foreign market entry⁶.

There are multiple modes of foreign market entry including exporting, contractual agreements (such as licensing, franchising, joint ventures, and consortia), foreign direct investment, international strategic alliances and partnerships. In the last decade, the Internet has also become a mode of foreign market entry as software and telecommunication technologies have advanced significantly. Each of these modes has its own advantages and disadvantages, but a company should choose an entry strategy based upon analysis of the market potential, the company's capabilities and the degree of marketing involvement and commitment management is prepared to make. The factors that need to be evaluated for selecting the most appropriate foreign market entry strategy are market size and growth, risk, government regulations, competitive environment, local

⁴ John Borland and Jim Hu, "Broadband: A life-saving technology", CNET News.com, July 26, 2004, <http://news.com.com>,

⁵ Philip Cateora, John Graham, *International Marketing*, 10th Edition, 1999, p. 2

⁶ Philip Cateora, John Graham, *International Marketing*, 10th Edition, 1999, p. 6

infrastructure, company objectives, need for control, internal resources, assets and capabilities, flexibility, and types of markets.

Exporting, which can be either direct or indirect, is a mode where a company sells to a customer in another country. It is a common approach for many large international companies as well as small companies where exporting is carried out via agents, dealers, distributors or importers. Internet marketing, which was initially meant only for domestic markets, has also become a mode of foreign market entry due to the nature of the World Wide Web. Companies that have adapted to Internet marketing are receiving orders from customers in foreign countries. Many online companies such as eBay and Amazon, founded with the intent of marketing internationally through the Internet, have made fortunes using the Internet mode of marketing in combination with the abilities of global common carriers such as UPS and FedEx to handle international shipments. They have thus become extensions of the export approach. Contractual Agreements, which are complex, longer-term, non-equity formal associations between one company and another in a foreign market, generally involve the transfer of technology, processes, trademarks, or human skills. In general, contractual agreements involve the transfer of knowledge rather than equity. Foreign direct investment, on the other hand, involves investing in a foreign country. Many global companies have used foreign direct investment to establish their operations throughout the world, and this trend has been on the rise as barriers to free trade have been eliminated and companies have been able to locate manufacturing or other operations wherever they are most cost effective⁷.

One highly intriguing and multifaceted foreign market entry strategy is an *International Strategic Alliance (ISA)*. ISAs are created when two or more companies cooperate to achieve a common objective through mutual need. In the last decade, an ISA has become one of the most competitive strategies in global marketing management, as it mitigates weaknesses and increases competitive strengths. As companies in ISAs have a common objective and a mutual need to attain their goals with an inherent synergy, it alleviates the concerns over time, cost and associated risks that would pertain if these companies were to strive individually, possibly competing with each other. Companies that venture into foreign markets by creating strategic alliances with local companies in foreign markets, automatically gain a foothold in the international marketing arena, as the local company's expertise and knowledge concerning its own region serve to jump-start dealing with local uncontrollable factors such as the political and legal, economic, cultural, geographical and infrastructural, distributional, technological and competitive forces, that otherwise pose a plethora of challenges to gaining market share in a foreign region.

Each foreign or global marketing entry mode has its own set of advantages and disadvantages. See table 1 in exhibits for a comparative analysis of advantages and disadvantages of each foreign market entry strategy.

⁷ Philip Cateora, John Graham, International Marketing, 10th Edition, 1999, p. 325

The Theory of International Strategic Alliances (ISA)

In the competitive age of the 21st century where businesses find domestic as well as existing foreign markets becoming saturated, they need to further engage in global marketing to sustain their growth rates and profitability. As companies venture into foreign regions, they realize that it is a difficult task to enter a foreign market and excel in performing all international business functions due to a myriad of barriers and problems that accompany a foreign market entry strategy. Thus companies seek the assistance of partners in entering new markets, leading to ISAs and other cross-border collaborative agreements as a common means of internationalizing. As one main business objective in entering foreign markets is to increase profits, companies are skeptical about the type of investment required and hope to get a return on any investment in the short term. To show early profits, ISA is an effective foreign market entry strategy which allows a company to reach out globally and at the same time, lower its investment costs into a foreign market. This is possible because ISA partners tend to forge coalitions and to cooperate to achieve objectives that could not have been attainable (or would have cost much more) if each company tried competing with the other in achieving its goals. Companies that successfully collaborate to form ISAs have close, long-term relationship-oriented strategic partnering agreements to create a win-win situation globally⁸.

Thus ISAs can be defined as... “relatively enduring inter-firm cooperative arrangements, involving cross-border flows and linkages that utilize resources and/or governance structures from autonomous organizations headquartered in two or more countries, for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firm”⁹.

There exist a set of fundamental characteristics inherent to International Strategic Alliances that companies embarking on such ventures need to keep in mind⁸.

- Partners should absolutely realize that ‘cooperation’ is the key word in an ISA that forms the heart of the alliance.
- Partners should remain independent but share benefits at the same time.
- Partners make initial and ongoing contributions for R&D, financing, technology, manufacturing, and marketing and distribution of goods and services based on their own expertise, core competencies, and firm resources.
- As cooperation is at the core of the alliance, the partners need to make significant investments to nurture the relationship to improve profitability.
- Though companies in an ISA remain independent, partners should be willing to take risks together.
- There needs to exist a high level of mutual trust.
- As partners share a common goal, they should unite for mutual gain and exhibit commitment toward mutual gain.

⁸ Professor Dr. Rajiv Mehta, “Global Marketing Management: Planning and Organization”, ‘Competing in Global Markets’ NJIT Class Notes

⁹ Parkhe, 1991, p. 581

- Partners should share the performance of assigned tasks and learn from other alliance members.
- An ISA between companies implies that partners are regarded as equal, and closely connected and develop an ongoing relationship-oriented arrangement.
- Partners should demonstrate a high level of mutual dependence and ensure that strategies on how to accomplish goals are created with mutual agreement.
- An ISA does not mean exclusivity, and thus companies should maintain open communication and share confidential information.

It is not mandatory for a partner to buy equity in other partners' firms to demonstrate cooperation or mutual trust, and nor it is necessary to create a separate entity (a new company) to attain the business objectives set forth while forming an International Strategic Alliance.

As with any foreign market entry strategy, there exist advantages and disadvantages with the International Strategic Alliance. The advantages shared by companies in ISA are distribution of high product development costs; filling voids in access to critical skills, capital, and technology that one of the companies may lack; providing learning opportunities for all partners; and providing access to regional and national markets. Some disadvantages are, that certain partners may lose control; partners may risk giving away intellectual property rights if another partner in the alliance becomes a future competitor; some partners may become overly dependent on other partners creating an imbalance in the alliance that may lead to problems for some partners; and a partner could lose interest in the alliance's goal that could be detrimental to the overall mutual agreement in the long term¹⁰.

Since the foreign market entry mode for each new market segment is an extremely important decision that a company has to make because it can severely impact future decisions regarding both domestic and international operations, and because each mode requires a certain level of time and resource commitment, it could pose a threat to the company's international agenda if, at a later point, the company has to change its foreign market entry approach. See figure 1 for various global market entry strategies and the different levels of control and risk associated with each one. For this reason one should gather and assess as much data as possible about the markets one plans to enter, centering around information about customers and their buying habits.

Customer Relationship Management (CRM)

Definition... "Customer Relationship Management is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and organizations. Successful CRM focuses on understanding the needs and desires of the consumer and is achieved by placing these needs at the heart of the

¹⁰ Professor Dr. Rajiv Mehta, "Global Marketing Management: Planning and Organization", 'Competing in Global Markets' NJIT Class Notes

business by integrating them with the organization's strategy, people, technology and business processes."¹¹

In the last several years, businesses have redefined their internal processes and procedures in an effort to save money and increase revenues, thereby increasing profits. Particularly in the challenging business environment of the twenty-first century, companies are constantly looking for the next opportunity to increase margins, via up-selling or cross-selling, since it costs a company much less to retain and grow an existing customer, compared to trying to grow its customer base by catering to new clients and persuading them to establish a long term relationship. This is why in the late 90's, the concept of CRM (Customer Relationship Management) assumed priority in the business world. Organizations that once did not actively focus on customer service and satisfaction are now being compelled to reevaluate their entire sales and marketing strategies to place the customers at the center of all their business activities¹². Further, due to globalization and severe competition in all markets world wide, there has been a radical change in the trends affecting customers' buying behavior. For example, the internet means U.S. customers all over the world have access to a massive knowledge base, influencing their buying patterns. In the past, global companies adopted mass production techniques based on 'Transaction-Based Marketing' where they reaped high returns on production and distribution investments through economies of scale. Buyer-seller exchanges were characterized by limited communications and few ongoing relationships between the parties. This was an era where the companies informed the market place what they had to offer at a competitive price. Due to changes in the overall business environment, companies have had to change their approach. They now strategize around the needs of the customer rather than just offering what they have. This has led to a shift toward 'Relationship Marketing' which stresses development and maintenance of long-term, cost-effective relationships with individual customers, suppliers, employees, and other partners for mutual benefit¹³. This is because using today's Internet technology, a customer can easily compare a product across a range of manufacturing companies and then choose the one that suits his or her needs. Thus it has become even more critical for firms to gain an understanding of their customers' priorities. For many years, organizations have endeavored to understand the customers that buy their products.

Despite this, many organizations have failed to understand their customers at even the most rudimentary level. Typically an organization should be able to answer questions such as, what product did they last buy? when did they last phone? how did they undertake their last transaction – via website? e-mail? or phone call?¹⁴ This requires a method to capture, organize, and assess this type of information. Thus, for companies to accomplish their goal of gaining a necessary understanding of the customers' behavior

¹¹ Tricia Fox, Steve Stead, "Customer Relationship Management: Delivering the Benefits", by Customer Relationship Management Ltd. (UK) and Secor Consulting Ltd.

¹² Kieth Rogers, Dennis Howlett, "What is CRM", A white paper by TBC research in association with Goldmine software (Europe) Ltd

¹³ Professor Dr. Rajiv Mehta, "Global Marketing Management: Planning and Organization", 'Competing in Global Markets' NJIT Class Notes

¹⁴ Tricia Fox, Steve Stead, "Customer Relationship Management: Delivering the Benefits", by Customer Relationship Management Ltd. (UK) and Secor Consulting Ltd.

and the various customer groups, then to win them through sales and after-sales support, the companies need a means of profiling and targeting. This is now attainable through one of the most discussed and analyzed management approaches of recent times, Customer Relationship Management (CRM).

Features of a CRM System

A CRM system is either a web-based or a client-server application that provides rapid and precise insights into the information gathered about certain customers. Interactively, it optimizes a company's interaction with its customers, increasing productivity and efficiency, reducing costs, and integrating disparate platforms to share a unified view of the customer within the organization as well as directly with its customers. At a high level, the CRM system can be defined as a system with 3 main components: "Communications CRM," as a front-end that supports various mechanisms of customer communications; "Operation CRM" which is tailored for and supports Sales, Marketing and Customer Services departments, with an extension to serve Research and Engineering; and "Analytics CRM" which is the back-end component supporting Analysis and Reporting needs. The information collected on each customer should include items such as sales contact history, sales orders (including order history and current order status), products purchased, product pricing, account affiliations, contracts and compliance, entitlements and warranties, service history (including service order details), and responses to marketing campaigns. (See figure 2 for a generalized CRM architecture which could serve as a reference for evaluating and deploying a desired CRM system¹⁵.)

Advantages of a CRM System

What does such a CRM mean to a company and how does it help the company attain its goals? Most businesses aim at increasing sales and profits over time. But to sustain growth and profits a company has to perform its business functions at a high level relative to competitors and constantly refine its processes over time, based upon the changes in the business environment. Such an organizational feat is generally possible only if the company's processes and its people are aligned as one, working toward the same objectives. The philosophy behind CRM is the way to get there, in terms of a unified approach to customer understanding and satisfaction. Companies attaining CRM in this manner can increase their revenues, reduce costs, efficiently use time, increase productivity due to vastly improved customer focus, integrate business processes across the organization, provide better customer service, effectively cross or up-sell, follow up leads, close deals faster, and determine customer lifecycles¹⁶.

- Companies increase revenue by collecting valuable information around customers' various needs and buying patterns. The data collected needs to be analyzed by the sales and marketing departments for the company to really understand the customers'

¹⁵ Melissa C Lin, "A Study of Mainstream Features of CRM System and Evaluation Criteria", IT Specialist, U.S. Department of Agriculture

¹⁶ Anonymous, "Customer Relationship Management (CRM)," Gap Consulting, www.gapconsulting.co.uk/crm.html

past, present and future needs and buying patterns. It is through this analysis that it can focus on the right revenue opportunities¹⁷.

- Such focus also enables companies to reduce costs and time by streamlining various processes across the organization, eliminating ones that do not directly contribute to the customer experience. That is, CRM allows the companies to reevaluate and integrate disparate business and technical solutions implemented across the organization, eliminating redundant or ineffectual processes. Sales teams can then close the leads generated by various marketing efforts faster. Further, it helps reduce inventories and speed up the delivery process, resulting in lower costs and more competitive pricing, as well as more satisfied customers. The resources saved can then be reinvested in the company's growth by either enhancing current business functions or by pursuing new business opportunities¹⁷.
- Such productivity increases also reduce the sales cycle. CRM helps sales representatives customize a product quickly to a customer's needs, which speeds up order processing and reduces the sales cycle.¹⁸
- Indeed, companies can integrate business processes to have a single enterprise-wide view of a particular customer. Integrating business processes thoroughly can reduce the turn-around time for a process from start to completion, as any redundancies are eliminated. It also provides critical information to various integrated business systems such as Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) as well as to departments that use this important data such as Finance, Human Resources, Marketing, Sales and Customer Service. Through CRM, the whole organization can share a single up-to-date view of their customers and the global marketplace.
- Using CRM, companies can provide better customer service that leads to improved customer satisfaction. For instance, companies can now implement customer support software technology and applications that provide 24 x 7 support to customers worldwide. Customers, existing as well as new, can access product and service information any time, from anywhere in the world. Help desk software and call center software are both examples of providing better customer service information to managers that over time have become important channels for gathering information about customers that is then used for market profiling and targeting¹⁹.
- Companies perform cross-selling or up-selling by analyzing the information gathered on the customer. While selling one product, based upon the various analytical tools, sales representatives can promote related products.
- Sales teams will close deals faster by automating complex, repetitive and time-consuming business processes, as automation of such processes allows sales and

¹⁷ O'Brien, James A., "Essentials for the e-Business Enterprise", 2003, Eleventh edition

¹⁸ Anonymous, "Scotiabank delights customers using CRM solution based on IBM and Unica Technology" www-3.ibm.com

¹⁹ Anonymous, "Customer Relationship Management (CRM)," Gap Consulting, www.gapconsulting.co.uk/crm.html

marketing teams to cut down on process time and thus invest their efforts toward maximizing a marketing campaign's effectiveness or creating more leads.

- Companies will better manage customer life cycles by determining the possibilities for a customer to continue to do business with them. This overall process of Customer Lifecycle Management helps a company pursue the appropriate customers or group of customers by targeting those most likely to be receptive to up-selling or cross-selling. It will also help them design products that retain customers with a declining interest in existing ones, while paying less attention to those less likely to do further business²⁰.

A good CRM strategy will actually take a business vision and apply it to the firm's customer base by asking the following questions.

- What products and services are we offering now and should we offer in the future?
- In what markets?
- What customer groups will these products and services appeal to?
- Which of these are of most value to the organization? In terms of spending? In terms of reliability? In terms of profitability? In terms of growth potential?
- What additional needs do the most valuable customer groups have? Additional products? Additional services?
- What different ways can we be doing business to deliver products and services to our customers better?

Benefits of a CRM System

CRM helps organizations understand, anticipate and respond to their customers' needs in a rapid and consistent manner, throughout the organization. As CRM requires and promotes the practice of efficient and integrated business systems, many firms benefit from the organizational discipline it imposes, as well as the technology that accompanies its architecture. It also helps a business develop better communication channels, collect vital detailed data on customer order histories, create accurate profiles of customer preferences, deliver instant company-wide access to customer histories, and identify new selling opportunities²¹.

CRM and Information Technology

Because many businesses are now trying to utilize CRM, Information Technology vendors in most markets have restructured to focus on this need, joining a throng of IT vendors trying to provide systems customized to specific businesses. One misconception about CRM is that it is a new kind of IT system. But that is not true because Customer Relationship Management is a business philosophy that strategically places the customer at the center of business processes, activities and culture. Thus these IT systems are just a means to implement a customer oriented business philosophy. Often, as businesses move

²⁰ Novo, Jim, "CRM and the Customer Life-Cycle," The Drilling Down Project, www.jimnovo.com

²¹ Anonymous, "CRM: What are the benefits?", Document based on Crown Copyright © 2004

to newer IT systems and applications, they adapt their strategies to the IT systems. However, from both a business perspective and an IT perspective, CRM keeps the enterprise customer focused, requiring effective communication and sharing of information critical to customer-focused decision making in every department of the organization. Effective customer management depends upon proper data management that includes collecting information about individual customers from various sources; validating it and providing a consolidated view; and providing internal and external client access to the information acquired and processed. The entire real-time system is thus used to create a unified view of each individual customer and most importantly to present it to the decision making personnel in a format that provides meaningful information that can be analyzed and evaluated from various viewpoints²².

This process counters a common problem facing many businesses that the departments and functional areas within it have frequently evolved into disjointed or non-integrated entities in the same organization. Each department or functional area has its own set of systems and databases that do not link with each other to provide a consolidated enterprise-wide view of each customer, even though that customer may be interacting with each department in a different manner. By linking front-office and back-office systems within the organization based on customer focus, the true value of customers can be assessed and the organization can make integrated and informed decisions about how to generate more business with each customer or various groups of customers. See figure 3 and figure 4 in exhibits for a traditional view versus a more unified view of customer information. In the latter case, organizations can calculate revenue by customer, analyze the cost of customer acquisition, and assess the cost of serving each client from a time and materials or debt-payment basis. Further, some businesses can identify potential new business from their current customer base (Rapp, 2002). At a lower level, CRM systems allow each functional area to perform more effectively by automating the processes and providing critical information. At a higher level, it helps managers understand the overall activities of the organization, allowing better decision-making by measuring performance more effectively, thus achieving greater profitability by better targeting²².

In the last several years, competing IT vendors have built a multitude of CRM applications and systems. However, IT solutions for sales automation had existed for several years before CRM applications and systems became fashionable. Many IT providers since the 1980's have built customer databases or data-warehouses. Other firms have developed in-house IT solutions to support business functions for which IT solutions did not exist. Recently though, as packaged IT solutions spanned more industry segments, the difference between packaged and internal systems has narrowed. In addition, the technology has increased several fold as systems became larger and more robust. The advent of Internet and e-commerce has further extended the capabilities these IT solutions offer in ways that were never available before. CRM implementations are now dynamic and evolutionary in nature. Where previously a company adopting the CRM strategy might stop there, now it must go through a sequence of overlapping

²² Kieth Rogers, Dennis Howlett, "What is CRM", A white paper by TBC research in association with Goldmine software (Europe) Ltd

activities, where the next system builds on and enhances the prior one. At a strategic level, the main CRM building blocks consist of technology assisted selling, technology driven customer and supplier support, product configuration, database marketing, marketing automation and e-marketing. To build a robust IT strategy that helps a business achieve its CRM goals, the strategy involves more than just integrating front office and back-office systems. Rather, customer and firm information needs to be collected by linking together the disparate IT systems across the organization. To do this, many organizations must purchase a mixture of front-office applications from multiple CRM vendors because most do not have end-to-end CRM solutions that provide a top-down view of the entire organization. Integrating disparate systems is one of the biggest challenges facing such firms worldwide, because it is not easy for functional managers or functional teams to realize their impact on the entire organization and its businesses. The problems of integrating the organization's multiple systems internally and externally usually fall into three areas: communication, information and business processes.

Communication is the means by which an organization is held together. It is the underlying framework that allows applications to talk to one another, using a common protocol. Information that supports a business is derived from various sources. So building such an IT system with multiple sources is not easy. The first layer in an information system is the software layer that interprets data for each application in the system while the second layer analyzes the data and presents it in a format that helps higher level management make sense of the data collected from various sources in order to make strategic decisions. Finally, there are the business processes that represent the unique way the firm functions globally. These are the complex set of interacting processes the organization needs in order to fulfill a customer's requirements. Thus, to implement and reap the benefits of a CRM system, a company must integrate its disparate systems, where the technicalities of integration are IT based, but where the business executives must understand CRM principles and strategic implications for their firm and its industry before taking up this challenging process²³.

CRM in Pharmaceutical Industry

Particularly for the pharmaceutical industry, the CRM solution has been to identify the target set of physicians (their customers) that most prescribe a specific pharmaceutical company's drugs. This is because industry research shows this is the best way to promote the pharmaceutical company's products. The pharmaceutical industry is different from other industries since the physicians are not the real traditional end consumers; rather, they influence the ultimate consumer – the patients, who take the pharmaceutical company's drugs.

Therefore, implementing a Customer Relationship Management solution for a pharmaceutical firm is not a simple decision of selecting database software and hardware platforms to be purchased. Rather, it requires considerable customization of the CRM product to meet the specific requirements of the pharmaceutical firm based upon factors

²³ Kieth Rogers, Dennis Howlett, "What is CRM", A white paper by TBC research in association with Goldmine software (Europe) Ltd

such as the size of the sales force, the types of drugs sold, and the cost of implementation. Still, pharmaceutical companies have a number of options in implementing a CRM solution since the IT vendors provide various deals to pharmaceutical companies including partnerships with solution providers, established software and database providers, and new entrants. This enables these large companies to evaluate various options before choosing one from a range of CRM solutions. For example, they can equip their sales with a variety of handheld or portable devices, and the choice of hardware will depend upon compatibility with the CRM software package, functionality requirements (such as signature capture of physicians on a tablet device), cost, and ease of use. Certain IT vendors' solutions can only work with particular platforms whereas other IT vendors' solutions can work on a range of hardware. See table 2 for the top pharmaceutical CRM solutions and their compatibility with various hardware platforms²⁴.

In the last 10 years pharmaceutical companies have invested many millions of dollars in new CRM technologies aimed at optimizing sales, marketing and customer fulfillment, yet, despite the promise and business logic of CRM, they have been largely unsuccessful in increasing ROI. The apparent reason for this has been poor assessment of user needs and customer requirements. Businesses often ignore the fact that changing employees and business processes is even more critical to attaining CRM benefits than technology. But by recognizing user needs and investing intelligently in CRM, organizations can improve their business functions and attain higher ROI²⁵.

Automating the sales force as a part of CRM streamlines the sales process by improving communication and reducing the launch time for new products. SFA also enables contract management, lead tracking, and sales forecasting. Pharmaceutical sales representatives are further empowered through the use of mobile devices with CRM applications that allow them to access centralized product information from a single source, improve detailing capabilities and reduce administrative workload. The most important function of these mobile systems is that representatives have complete access to the physician databases for their territory. The SFA application further provides sales analytics that provide a clear view of the sales pipeline and customized data analysis for improved decision making. Based on market surveys, 74% of pharmaceutical companies implement CRM for sales functions, and 68% for marketing, but only 16% to integrate CRM with customer service. The market for such pharmaceutical CRM tools is expected to reach \$625 million in 2008, primarily in the U.S. with Europe and Japan at 30% and 8% respectively²⁶.

Of these specialized CRM providers, U.S. based Dendrite International, Inc. is the market leader with 35%. Dendrite's First Source™ CRM, WebForce™, Xtelligent™ and ForceAnalyzer™ tools are currently more favored by pharmaceutical companies than rival Siebel Systems' sales application software.

²⁴ Frontline Strategic Consulting, Inc., "Pharmaceutical Customer Relationship Management, Tools to Improve Sales Force Effectiveness & Productivity", 2003

²⁵ Pharmaceutical CRM Outlook, The Optimizing returns from operational and analytical CRM, <http://www.piribo.com>, April 2004

²⁶ Pharmaceutical Industry Customer Relationship Management Market Data, Information & Statistics, <http://www.the-infoshop.com>, Press Release, September 2003

Dendrite - Company Background

Dendrite's Mission ... is to be the global leader in developing and delivering solutions that increase the productivity of sales, marketing, and clinical processes for our pharmaceutical and other life science customers²⁷.

Dendrite's Vision ... We enable pharmaceutical and other life science companies to strategically optimize their sales and marketing channels and clinical resources²⁷.

Dendrite International Inc. thus specializes in providing leading-edge solutions to the global pharmaceutical industry, including the world's top 20 pharmaceutical companies. It has clients in more than 50 countries and was established in 1985 by the current CEO John Bailye. Dendrite began as a division of an Australian company Foresearch that provided market research services to pharmaceutical firms operating in Australia and Southeast Asia. In 1987, John Bailye with other employees of the Dendrite division moved their headquarters from Australia to New Jersey with the idea of becoming the leader in supplying sales automation software to the major pharmaceutical firms. Initially, the company faced many challenges, having no credit history, little cash and employees who had migrated from Australia. In the US Dendrite was one of the many vendors supplying sales automation software to pharmaceutical firms. The competition was fierce as Dendrite had to survive in a market where multi-billion dollar companies offered a variety of information services. Often these competitors would drop their prices and promote themselves as the only option for a multi-billion dollar pharmaceutical company. To survive these challenging times, Dendrite had to revamp its organizational structure, market position and the technology it developed, especially as being relatively new to the US market, it did not have a track record or the financial resources to promote itself by dropping its prices.

So the company began by evaluating its target market. Based on this, it determined that the U.S. pharmaceutical companies were large and profitable worldwide, and were driven by sales productivity. This latter was Dendrite's strength as it specialized in providing core applications for sales force automation and effectiveness. To enhance its market position and distinguish itself from its U.S. competition, Dendrite announced its vision of becoming a global supplier of both software and services to the pharmaceutical industry. To support this vision, Dendrite had to redesign its sales force automation software to support multiple applications, restructure its marketing programs to attract capital, adopt new costing methods and refinance the company to allow for expansion. But by 1991, Dendrite established subsidiaries in Australia, New Zealand, Belgium, England, France, Germany, Italy, Japan, and Spain. It raised funds through venture capital firms and supported applications of its products and services by using a product development strategy where most of the programming was core code that could be configured and customized later to suit the requirements of a specific local market.

²⁷ Dendrite International, Inc., www.dendrite.com

The strategy worked. Dendrite's sales, less than \$250,000 in 1987, grew to \$23 million in 1992, and \$321 million by the end of 2003. See table 3 for Dendrite's income statements for the years 2001, 2002 and 2003.

Product and Pricing

Traditionally, Dendrite's sales force IT support product has been a mix of software and services. The sales automation system is a client server system where each sales rep carries a laptop or tablet computer with a database pertaining to the rep's specific territory. It contains information about physicians, hospitals, departments, group practices, managed care organizations, pharmacies and other medical institutions. The database also contains a product database with historical information such as drug sales over the past several months. The rep works on the laptop in offline mode (while not connected to the host system) and uses the information on the laptop for sales effectiveness. The rep can search, create and update information on physicians as well as medical institutions, while updating any information that pertains to affiliations between physicians and medical institutions. One crucial activity that a rep performs in the field is recording a call, the visit to a physician at his private practice or at a medical institution, when the rep presents the company's products or drops off samples of its drugs. The rep records the complete day's activity on the laptop database, and it is then uploaded to the host. While uploading the information to the host, the rep also downloads information from the host that is either sent over from the home office or is information created by the rep's peers. The system also allows the reps to:

- View the call plan created by the home office for each rep's territory whereby the rep is informed about which physicians to call upon, how many times and what products to present. The rep's incentive compensation depends upon the rep attaining the goals set by the home office in the call plan that in most cases is quarterly
- Create lists of top rated physicians based upon various criteria to help the rep create a target list of physicians
- Perform annual counts of the samples, accept shipments, perform transfers and look up inventory on hand
- Record out of territory activities such as vacation, sick days or trainings attended
- Synchronize emails and download reports
- View systems and home office messages on the sales force applications homepage
- Use analytical tools that provide call activity reports aggregated by various levels in the sales force hierarchy, and reports that compare historical data against current activities.

The overall suite of sales force automation and analytical tools allows the district managers, regional managers and home office personnel to view a consolidated report of the overall activity of its field sales reps. Home office applications include Sample Management applications that allow management to review sample related activity in the field, as well as to control a specific rep's sampling activity.

Pharmaceutical companies lose millions of dollars in potential revenue every year due to delays in clinical trials that prevent important new medicines from reaching intended patients. Even after the products reach the market, patient risks can endanger and shorten the product life cycle. In this regard, Dendrite offers a solution set that supports clinical trials by helping to effectively initiate the studies, identify potential investigators and patients, provide ongoing training and support to the trial sites, conduct pre- and post-marketing risk assessments, facilitate safety reporting, and provide data analysis of trial and competitive drugs. Dendrite's First Source Trial Support solution helps ensure that the products reach the market faster and once in the market are tracked so that they can enjoy a more extended life cycle²⁸.

Over the years, the pharmaceutical industry has struggled to gather information from different sources to help them segment each customer's individual needs and behavior. But the result has generally been an inaccurate and incomplete analysis of market segments. Indeed, the pharmaceutical market today is saturated with thousands of sales representatives and multiple marketing initiatives so that the need for specialized CRM for pharmaceuticals has never been greater. Dendrite has realized this opportunity and has taken the initiative to create a new range of CRM products that would help pharmaceutical companies seamlessly manage customer information, segment customers and gain the strategic insights required for coordinated, targeted, and effective market initiatives. It is a comprehensive set of products and services called First Source CRM that enables pharmaceutical companies to integrate customer information globally across multiple channels and departments to build a level of customer intimacy and insight that can increase productivity. The First Source CRM suite of products includes the following: (See table 4 for a detailed description of each product²⁸.)

- First Source Customer Insight
- First Source Sales Application
- First Source Technology Foundation
- First Source Trial Support
- First Source Integrated Marketing
- First Source Sample
- First Source Sales Support
- ScripMaxAccessTM
- ScripMaxActionTM
- ScripMaxIQ/MDTM
- PhabaseTM
- Business Intelligence Data Mart
- Customer Master
- Customer Validation and Cleansing Services

Dendrite's CRM product suite consists of two parts. The first part comprises the core system modules necessary for a pharmaceutical company to meet its fundamental need of managing the call reporting process. The second part is composed of various Value Added modules that provide advanced decision support analysis, territory planning

²⁸ Dendrite International, Inc., www.dendrite.com

and optimization that allow a firm to manage client specific business. The software is sold to pharmaceutical clients in two versions. This is because Dendrite realized that once it had the business of the multi-billion dollar pharmaceutical companies, the smaller multi-million dollar pharmaceutical companies would be the next set of target customers needed to expand its clientele. To serve these smaller companies, Dendrite offers an 'Out of the Box' express solution which has a predefined set of products and services that fully support a small pharmaceutical firm's business needs. Then any further customization of the system to suit a client's specific business needs would be an additional cost. Considering the competition and the pace at which the business environment changes, Dendrite can implement an express solution within 10 to 12 weeks from an agreement to rollout of the system. Further, as a part of the contract, Dendrite offers dedicated Customer Help Centers, Data and Server Management Centers, Hardware Services to manage and maintain the client's field reps' devices, Image Management Services that manage and maintain various versions of the field automation software on the device, and Customer Operations Services that help the client manage the day to day operations and maintenance of the host system.

The software is sold based upon user licenses for the number of field units needed for the field automation software. It also involves a service contract for Maintenance and Support. The license fee at the time of purchase is considered a one-time charge, while the maintenance and support agreements involve annual fees to maintain the software. In most cases a contract is for 3 years, during which time if the pharmaceutical company requires an upgrade or customization to meet business specific needs, Dendrite charges the client on a Cost Plus basis.

Foreign Market Entry

As already noted above, a key aspect of Dendrite's strategy has been to support its clients globally. So, in the early 90's, Dendrite decided to become a global supplier of sales force automation to pharmaceutical companies world-wide. Since then, through a Foreign Direct Investment (FDI) strategy, Dendrite has established subsidiaries in several countries including Australia, Austria, Belgium, Brazil, Canada, China, Colombia, France, Germany, Greece, India, Italy, Japan, Mexico, Netherlands, New Zealand, Portugal, Russia, South Korea, Spain, Ukraine and United Kingdom. Dendrite has also established international strategic alliances or acquired companies in Europe to deliver a broader, richer array of services and to extend its reach into a number of increasingly strategic, important markets in the EU. Sales Plus, the European division of Cornet International, was acquired by Dendrite in 1999 and is now a wholly owned subsidiary as it acquired all Sales Plus' European clients. In 2004 Dendrite also acquired Schwarzeck-Verlag GmbH, a subsidiary of Deutscher Aerzte Verlag GmbH based in Munich, helping accelerate Dendrite's to German pharmaceutical industry. Dendrite also signed global licensing agreements with a pharmaceutical manufacturing giant Pfizer in the late 90's. Partnering with such global pharmaceutical companies provided a comprehensive advantage for Dendrite's global marketing and sales environments. The licensing agreement extended the existing relationship between Dendrite and the company to thousands of sales representatives and managers around the world. In 2003, Dendrite

acquired SYNAVANT Inc. that guided biopharmaceutical and healthcare companies globally by accelerating the adoption of advances in healthcare. "The acquisition of SYNAVANT is an important step toward achieving our objective of being the pharmaceutical industry's leading information, software, and services supplier globally," said Dendrite Chairman and Chief Executive Officer John Bailye. "With the addition of SYNAVANT's tremendous industry knowledge, as well as its extensive portfolio of products and services, we are well poised to build on this initiative. We are on course and expect the integration to progress quickly and smoothly. Soon after integration, we expect to be launching a number of new products. In addition, we are focusing our attention on enhancing customer satisfaction, which is paramount to our success."²⁹

Thus Dendrite has opted for multiple modes of foreign market entry including F. D. International Strategic Alliances and Contractual Agreements to expand its business in various regions. It must now decide the best way to enter markets Poland, Hungary, Turkey, and other CEE countries.

Competition

The pharmaceutical industry's interest in advanced CRM technologies has been increasing due to strong competition and increasingly strict pharmaceutical guidelines in all countries. Yet the global pharmaceutical CRM market is maturing with a number of software technologies such as Dendrite International's First Source CRM products, Siebel System Inc.'s Siebel Pharma, iAnywhere Solutions Inc.'s AvantGo Mobile Pharma as well as other providers. Multiple companies offer a generic CRM solution system that allows a diligent user to collect and maintain information on customers. But these systems are not built for a specific industry or for integration with other parts of a company's management system. With increased competition between pharmaceutical companies, the time reps have with doctors becomes more precious, and effective pre-call and post-call system functionality becomes crucial to helping reps know the physicians' interest, what they're currently prescribing and why. With CRM systems designed specifically for pharmaceutical sales force effectiveness, the reps will have the right information, and they will be able to get more time with the physician, greatly increasing their effectiveness.

Unlike many generic CRM solutions which cater to segments across the industries, Dendrite's suite of CRM products caters to a vertical market segment, the pharmaceutical industry, where Dendrite's major competitors are Siebel Systems, Inc., Cegedim S.A. and StayinFront, Inc. However Dendrite strengthened its market position by merging with Cornet International in 1999, a company that was a major competitor that offered sales automation solutions to the pharmaceutical, medical device, foodservice and shipping/logistics industries. Through integrated implementation, end-user training, help desk call center support, hardware repair, asset management, and application hosting with world-class software (laptop, web-based and WinCE-based), CorNet delivered a "one-stop-shop". Dendrite also acquired another competitor, Software Associates, in

²⁹ Dendrite International, Inc., www.dendrite.com

2002, that offered tools and services to better manage sales force territory alignment, more timely and integrated distribution of targeting and customer information to field sales representatives, improved measurement of promotional response, and more efficient drug sample management. Upon acquiring Software Associates Inc. (SAI), Dendrite's Chairman and CEO John Bailye noted, "SAI is an outstanding health care specialist company built by very talented people. As SAI offers largely complementary products or services to those of Dendrite, the merger will define our entry into this very important growth sector of the market." Then in 2004, as a part of a strategic growth initiative, Dendrite acquired BuzzeoPDMA, Inc., a company that provides specialized consulting and compliance services to a growing number of pharmaceutical and healthcare customers with a strong reputation for quality and excellence. Dendrite Chairman and CEO John Bailye said "This acquisition is part of our strategy to provide the industry's most comprehensive compliance management solutions to our customers."³⁰

Dendrite's executives believed their key success factors in integrated systems are service support and product flexibility whereby their systems' structure and functions could be easily modified to customize the system to a client's particular requirements and to integrate them with the client's information systems. The Dendrite management also believes it provides much higher levels of service than its competitors. See table 5 for list of Dendrite's clients and partners.

Siebel Systems

Siebel Systems, Inc., is a leading global provider of CRM solutions and a leading provider of applications for business intelligence and standards-based integration. Siebel provides CRM solutions for any kind of organization. They can be installed at the firm, delivered as a hosted service over the Internet, or deployed in some combination. It is available in more than 20 industry-specific versions. Siebel's solutions try to embed industry's best practices for sales, marketing, and customer service. Through interactive analytic dashboards, they provide real-time insight for all users, enabling more timely, smarter decision-making. Siebel CRM solutions are designed to integrate easily and cost-effectively with any set of applications, and they are supported by a comprehensive set of services reflecting ten years of CRM knowledge and experience.

Siebel's sales force automation solution provides a broad range of fully integrated applications that address various selling requirements, both online and offline for organizations of every type. In addition, Siebel's sales force automation solution provides integrated sales opportunity analytics and embeds support for best sales practices, enabling sales organizations to perform more consistently. Siebel has the following line of CRM products. (See table 6 for a detailed description³¹.)

- Siebel Sales
- Siebel Forecasting
- Siebel Sales Analytics

³⁰ Dendrite International, Inc., www.dendrite.com

³¹ Siebel Systems, Inc., www.siebel.com

- Siebel Usage Accelerator
- Incentive Compensation Management
- Siebel Mobile Sales

(See figure 5 for a 5 year comparative market performance of Siebel and Dendrite.)

Cegedim S.A.

Cegedim provides market research and technology services to pharmaceutical companies and health care providers. It tracks prescription drug sales and offers other market insights to drug makers, as well as information for tracking sales force performance. For physicians, Cegedim provides information management software and database integration services, primarily for CRM functions. It also offers similar services to customers outside the health care industry³².

StayinFront, Inc.

StayinFront provides CRM software and services for tasks such as field force automation, call center management, telemarketing, and customer data synchronization. StayinFront also offers applications for analyzing customer data and decision support. The company primarily targets mid-sized clients in the pharmaceutical, consumer goods, and manufacturing industries, and has expanded its product lines to include software for mobile devices³³.

The Global Pharmaceutical Industry

In 2001 the global pharmaceutical industry generated over \$400 billion in sales and invested approximately 16% of that amount in research and development for new drugs. The pharmaceutical industry benefits from billions of dollars in government spending to aid research in basic science to better understand disease processes that can then be used as the basis for developing new drugs. In 2001, the US National Institutes of Health invested over \$20 billion in research, a significant portion of which was directed toward drug development. A few large companies account most new drug development and pharmaceutical sales worldwide. The ones based in the US account for over half of all the internationally accepted drugs invented between the 70's and the 90's. The remaining drug development was carried out in the European Union, with Japan being third. In 2002, 85% of the pharmaceutical sales worldwide were concentrated in North America, the European Union and Japan. (Table 7 shows 2002 Global Pharmaceutical sales by region.) These sales figures and growth forecasts indicate the future of the pharmaceutical industry seems profitable and highly innovative but dominated by a small number of multinational drug development companies. Though the drugs developed by these companies have saved thousands of lives worldwide, the fact remains the industry

³² Cegedim S.A., <http://finance.yahoo.com>

³³ StayinFront, <http://finance.yahoo.com>

is highly focused on developed countries because this is where these expensive drugs can be sold due to their wealth and aging populations³⁴.

Pharmaceutical Industry in United States

The United States is the largest pharmaceutical market in the world with over \$200 billion in sales, or roughly half of global sales in 2002. US drug sales also accounted for an astounding 70% of blockbuster sales, compared with only 4% for Japan and 12% from the European Union. Furthermore, US pharmaceutical sales are expected to grow at a rate of 12% to 14% through 2006, outpacing the average expected worldwide growth of 9.1% . Due to this continued expansion, new promotional spending by pharmaceutical companies is expected to range from \$1.7 billion to \$2.7 billion for the next five years. This new promotional spending will be targeted towards key online and offline marketing activities, particularly to those that deliver quantitative, measurable results, such as detailing and sampling³⁵.

On the other hand, the US Pharmaceutical industry is facing a plethora of issues as a result of price discounting, weak foreign economies, and increased production and use of generic drugs as patents on blockbuster drugs expire. In addition, more people are using over-the-counter (OTC) drugs or parallel importation. There is also potential government regulation under healthcare reform plus the possibility of life threatening side-effects on billion dollar blockbuster drugs. These challenges have made the big US pharmaceutical companies restructure their sales forces, business processes, and marketing activities. The 2004 withdrawal of a blockbuster drug by the pharmaceutical giant Merck has raised questions on FDA's process of approving drugs that have, on one end a life saving capacity, and on the other end a serious side effect which could be life threatening. For a pharmaceutical company, it takes an average of 15 years and \$800 - \$900 million to nurture a drug from initial discovery through FDA approval. The pharmaceutical industry is currently going through an increasingly complex global business environment, and in spite of its dedicated efforts to improve the perception of pharmaceutical products many stakeholders have not been impressed.

The Managed Care Industry in United States

In 1973, the Managed Care industry emerged when a federal law paved the way for insurance companies to finance and deliver healthcare. Managed care health plans soon grew as a popular choice under the nation's foremost public health program, Medicare. But as healthcare costs began to spike out of control, Medicare faced a gloomy financial forecast, and the health plans became the subject of criticism for setting limits on what managed care organization could cover. In 1992, President Clinton made health care reform a hallmark of his campaign and later tried to pass the patient-protection legislation, but the members of both parties opposed it, after which, managed care reform has been revived many times without much success.

³⁴ "Overview of the global pharmaceutical industry: Markets and Inventiveness", <http://individual.utoronto.ca>

³⁵ Mehr News, "e-detailing success -- its all in the marketing mix", April 2002, http://www.e-detailing.info/mehr_news.htm

In 1993, with 81 million and now about 200 million, most people in the United States are covered by managed care organizations (MCOs) which represent the biggest market for prescription pharmaceuticals. As the MCOs are now the biggest clients of the pharmaceutical companies, the cost constraints imposed by the MCOs have a great effect on the launch, marketing and life cycles of drugs. Due to cost constraints, the MCOs are putting pressure on the pharmaceutical companies to target the development of the most promising drugs for treating specific diseases. Thus, since the inception of managed care organizations, the pharmaceutical companies have been facing a new challenge to adapt to a new client and learn to work with this client for promoting better health care for millions of Americans³⁶.

Detailing and Sampling by Pharmaceutical Reps

For decades the US pharmaceutical companies have relied on the direct sales model where sales representatives drop in at physician's offices in hope of getting hold of the physician for a couple of minutes to influence which drugs they prescribe³⁷. Although, the pharmaceutical companies have successfully reaped the benefits of this sales model for years with rising sales and highest margins of all the mainstream industries, in the recent years, due to the changing dynamics of the pharmaceutical business and considerable expansion of sales forces has lead to inefficiencies and dissatisfaction with the sales representatives as well as the physicians. The sales representatives claim that they are under-trained and under-rewarded, the district managers feel overburdened and the physicians feel the constant assault from the field reps. Thus the pharmaceutical industry is evaluating new innovative methods of detailing product information to physicians, and one of the new methods that is being favored, by pharmaceutical and firms physicians is e-detailing. E-detailing and other similar electronic channels offer a personalized, interactive and cost-effective means of delivering brand-specific information and messages to physicians and other health care professionals, through the internet³⁸.

Pharmaceutical Industry in Europe

In Europe the industry is a leader, but needs to maintain a subtle balance between making profits and keeping drug prices under control. This is due to the unique nature of the European industry where national governments are the largest and main customers. So the pharmaceutical companies need to abide by the cost containment measures imposed by the government, and companies face a tough time managing the escalating annual costs of R&D to invent life saving drugs while also managing the added pressures on their ability to market the drugs in the EU. These constraints imposed on the industry in Europe are in sharp contrast to the US where no such restrictions or cost containment measures exist.

³⁶ James Frederick, "Managed care's impact still growing among drug makers", February 1999, <http://www.findarticles.com>

³⁷ David Lemak, "Global business strategy: A contingency approach", Spring 1997, <http://www.findarticles.com>

³⁸ Martin E. Elling, Holly J. Fogle, Charles S. McKhann, and Chris Simon, "Making more of pharma's sales force", 2002, <http://www.euractiv.com>

The top five European markets are Germany, France, Italy, United Kingdom and Spain, and will contribute around three quarters of EU sales through 2007. Though each European market has its own unique environment, in general they are driven by strong payer pressures that lead to lower prices as compared to the US and Japan. Due to these constraints the growth in European pharmaceutical markets was around 8 percent in 2002. But with the expansion of the EU, the market was faced with new challenges of lower priced generic drugs as well as lower priced parallel importation. But it also created opportunities for growth especially in the pharmaceutical markets of Central Europe and Poland. So with the EU expansion, new markets emerged all over Europe that had a great potential for growth due to their large populations and unmet demands³⁹.

Pharmaceutical Industry in Japan

The pharmaceutical industry in Japan, which is very different from the pharmaceutical industries in the US and EU, had total drug sales of \$47 billion in 2002. The Japanese pharmaceutical industry diverges from the US and EU pharmaceutical industries at various levels in terms of practice, healthcare delivery, funding, regulatory requirements, higher prices, lack of generics, distribution, and approach to marketing. With a number of scandals, the system controlling clinical trials and regulatory approvals is undergoing a major modernization program, and with many domestic companies not well equipped to operate under the new standards. To add to the turmoil, the recession of the 90's caused tax revenues to fall just as the cost of treating the world's most ageing population was escalating. To manage these challenges facing the Japanese pharmaceutical industry, the healthcare funding was changed, and huge price cuts regulated prices were put into effect. As a result, Japan's pharmaceutical market growth in 2002⁴⁰ was just 1%.

Dendrite in United States

Dendrite has become one of the leading CRM solution providers in the United States since the 90's. Its clientele includes some of the largest pharmaceutical companies in the world such as Pfizer (the world's number one pharmaceutical company), and Sanofi-Aventis (the world's number 3 pharmaceutical company). Some other leading pharmaceutical companies currently using Dendrite solutions are Johnson and Johnson, Bristol-Myers Squibb, GlaxoSmitKline, Eli Lilly, Novartis, Wyeth, Schering Plough, and Purdue Pharmaceuticals. (See exhibit 8 for a list of Dendrite's clients⁴¹.)

Dendrite in Europe

In addition to being the leading CRM solution provider to the industry in the United States, Dendrite is also one of the leading CRM solution providers to

³⁹ Malika Rajan, "European Pharmaceutical Industry Growing at 8% Annually In The Next Five Years", April 2003, <http://www.bcresearch.com>

⁴⁰ Sarah Holland and Bernardo Batiz-Lazo, "The Global Pharmaceutical Industry" 2004

⁴¹ Dendrite International, Inc., www.dendrite.com

pharmaceutical companies in the EU. It provides CRM solutions to a number of leading EU pharmaceutical firms. Through its EU subsidiary, Dendrite has signed agreements with Knoll, Pfizer, Therabel, Organon, Bayer, and Abbott to upgrade its existing system in over 10 countries, including Portugal, Spain, Italy, France, Germany, United Kingdom and Scandinavia. By 2003, Dendrite had sold more than 12,000 software user licenses to 26 pharmaceutical companies in 18 European countries⁴².

The Central and Eastern European (CEE) region includes the countries of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, FYR Macedonia, Poland, Romania, Slovakia, Slovenia, Serbia and Montenegro and Turkey. These more than 400 million people have great commercial potential that is barely realized, and the opportunities are abound in this seemingly natural market for U.S. business⁴³. The once communist states of the Central and Eastern Europe are now embracing a market-driven capitalist economic system. Under communism, every aspect of the economy was state owned and tightly controlled, until the collapse of the Soviet Union when the CEE states turned toward capitalism.

Price controls were removed from food and other goods, and government spending and subsidies were abolished. As a part of reform, restrictions on imports were relaxed, foreign trade policies were liberalized, and the banking and financial systems were sold to private firms from state-owned firms. Most countries in the region continued to make progress that built market-oriented institutions and adopted legislation that conformed to that of advanced market economies⁴⁴. The Czech Republic, Hungary and Poland, now a part of the European Union, became members of the OECD (Organization for Economic Cooperation and Development) in the 90's, thereby accepting the OECD obligations to modernize their economies, to maintain sound macroeconomic policies, and to initiate market-oriented structural reforms. With the advent of capitalism taking root in most East European countries, income levels increased enough for a middle class to purchase sophisticated goods and per capita GDPs grew annually, with Poland being one of the countries leading this growth.

Global businesses in the United States, Western Europe and Asia realized the great potential of the CEE markets, and invested billions of dollars to capture these relatively untapped markets. But, businesses need to be cognizant of the laws and practices that can impede their market entry and subsequent marketing plans. All countries have laws regulating marketing activities in terms of promotion, product development, labeling, pricing, and distribution channels. There are vast differences between countries in enforcement and interpretation of laws that cover similar activities. Some have stringently implemented, detailed and complicated rules to follow, while others have laws that are laxly enforced. For example, Green Marketing legislation and antitrust laws can impede a company's marketing plans in a new market. Besides marketing laws and practices that can create local obstacles for businesses venturing into the international arena, many countries have trade barriers such as tariffs, quotas,

⁴² Dendrite International, Inc., www.dendrite.com

⁴³ Klaus Wieners, "Emerging markets: Central and Eastern Europe", July, 1996, <http://www.findarticles.com>

⁴⁴ Canada and the World Backgrounder, "From Marx to Market", Sep 1994, <http://www.findarticles.com>

boycotts, exchange rates and non-tariff barriers that protect a developing domestic industry or an existing one⁴⁵.

As the CEE countries opened their markets by embracing capitalism and free markets, there seemed to be great potential for global IT vendors to enter these lucrative markets in Central and Eastern Europe. Because these countries were moving toward a market-driven economy, companies in the CEE realized their need not only for a similar business philosophy to that of the developed regions such as the US, EU, and Japan, but also their management tools such as CRM. In its beginning stages, the CRM market in the CEE did not have any top-notch pharmaceutical solution providers such as Dendrite that could fulfill their drug industries' CRM needs and implement a SFA system in the region. Thus Dendrite realized there was a great potential to expand in the CEE, to further increasing their sales and profits in the global market. It therefore decided to enter these lucrative markets, triggering a number of decisions and issues they had to address. Dendrite management now had the task of analyzing the many factors involved in such a foreign market entry. Most importantly, they had to determine a robust foreign market entry strategy for the CEE, and to what extent they would have to tailor their products to each country.

Standardization versus Adaptation

Due to increasing pressure from global competition, managers have had to reevaluate global market strategies and the globalization of their markets. Particularly important is the degree to which one employs standardization versus adaptation. Advocates of standardization argue that while differences between countries and cultures across the world do exist, basic human needs are relatively the same throughout the world. Thus, managers should not try to address various differences from this common dimension in their international marketing strategies. The same products being sold in the domestic market can be sold internationally with minor changes in their attributes. Such standardization has many benefits such as economies of scale, common brand image, minimal customization costs, rapid delivery, and less managerial time. On the other hand, those advocating marketing to suit local trends and needs using adaptation argue that though human needs are relatively the same throughout the world, differences in cultural, economic, legal-political, technological, geographical and competitive environments significantly influence people's buying behavior in different countries. These are thus crucial and uncontrollable factors in the international marketing mix and suggest that a global strategy of product standardization may not be appropriate in many circumstances.

That is, the increasing global and idiosyncratic diversity in country behavior make it difficult to market standardized products across diverse regions. Further, in many countries customers do not want to sacrifice specific quality and product features for a lower price; and finally, in some industries, economies of scale may not be that important. Therefore, some products are successful in some countries and not in others,

⁴⁵ Philip Cateora, John Graham, International Marketing, 10th Edition, 1999, p. 246

and this will be dependent on their need to be adapted to suit the local culture, tastes and conditions. This question also faced Dendrite⁴⁶.

To what extent did it need to deal with the culture of the markets it was planning to enter? Did its product designs, styles, or uses need to be adapted to the culture of these CEE markets where it planned to promote its products? So Dendrite needed to assess the marketing consequences of cultural differences within these markets, before developing its international marketing programs. Some elements might have a significant impact whereas others could have an indirect or lesser impact. It was important for them to perform an in-depth impact analysis⁴⁷. Based on this assessment, it would need to adapt or modify its CRM programs and services to meet CEE market needs over time.

Given the CEE's history, the political environment would clearly play a very important role in this marketing activity. Thus, for Dendrite each country had to be evaluated in terms of the marketing mix of products, pricing, promotion and distribution given its political philosophy and international agenda, as well as the goals of the ruling political party⁴⁸.

Finally, Dendrite had to be cognizant of the different, disparate and complex legal systems that existed in the CEE. A company that plans to formulate a standardized marketing strategy across multiple countries will encounter complexities and problems due to the differences between legal systems, and these may affect the implementation of a standardized strategy. Diverse laws around promotional marketing activities for example may preclude the implementation of standardized promotional plans. Anti-monopoly, price discrimination, supply restrictions, and fill-line forcing regimes are also relevant. These were some of the issues facing Dendrite in developing a plan to adapt or not for particular market entries⁴⁹.

Dendrite's CRM Solution - Standardisation versus Adaptation

Because Dendrite caters to a vertical market segment, since its early days it has developed its software in two parts consisting of a core code which provides fundamental business functions for a pharmaceutical company to implement its sales force automation (SFA) system, and a second piece that can be adapted to an individual company and specific markets. In the 90's when Dendrite's SFA system was built using 3rd Generation Languages (3GL), it was customary for every client specific development or support team within Dendrite to modify the core code or core functions of the system to meet a particular client's specific business needs. Thus, over a period of time, though each client system was implemented using the same core code, applications or functions, the SFA systems for each client within Dendrite were considerably different in terms of the fundamental functions the system would support. Further, though the core development was carried out in the United States, Dendrite had software developers and support

⁴⁶ David Lemak, "Global business strategy: A contingency approach", Spring 1997, <http://www.findarticles.com>

⁴⁷ Philip Cateora, John Graham, International Marketing, 10th Edition, 1999, p. 86, 87, 101, 102

⁴⁸ Philip Cateora, John Graham, International Marketing, 10th Edition, 1999, p. 144

⁴⁹ Philip Cateora, John Graham, International Marketing, 10th Edition, 1999, p. 166, 181, 182, 183

personnel at all its global locations to customize and implement the SFA solutions to the very specific needs of pharmaceutical companies in any part of the world. This arrangement was advantageous for clients as they had the ability to request customization to the core system to meet their requirements in each market in terms of those operations. But it was somewhat disadvantageous for Dendrite as a software products and services provider to maintain and support these various client systems all over the world, because it was more costly than supporting a single product and brand. Dendrite was losing its product identity.

Thus, in 2000, when Dendrite unleashed its new set of CRM products and tools which built using 4th Generation Languages, it adopted a new strategy where the R&D department held the core code and just provided the executable version of the system and applications to the team that would implement the SFA system for a particular client. The new product suite allowed the implementation teams to configure the system to a specific client's needs wherein the developer would be able to change the Graphical User Interface of various applications and perform validations for data entry that met most client specific requirements, but they could not modify the core components or core functionality of the system. This strategy was advantageous to Dendrite from a support and services standpoint, because system upgrades or fixes to the core code could be systematically and simultaneously released to all client systems. Because the implementation teams did not have the ability to customize core functions of the system, Dendrite had to perform enough research before developing their new set of CRM products to provide clients with all the business functions needed to meet their *pharma* specific requirements.

Dendrite performed research not only from the perspective of implementing the system for clients in the United States, but also considering the needs of Europe, Asia, and other regions. For example, the base CRM solution has functions specific to the United States, in that the system adheres to the Prescription Drug Marketing Act (PDMA Act) that regulates the promotional activity of pharmaceutical sales reps, including dropping drug samples when visiting physicians' offices. PDMA has strict regulations about capturing details like the physician's name, office address, state license number, the sample's manufacturing lot number, and the physician's acknowledgement as an electronic signature. Thus, Dendrite's CRM solution offers US PDMA compliance as a part of its base system implementation. But pharmaceutical companies in other parts of the world may have the PDMA compliance features disabled as a part of their implementation, when they do not have such regulations concerning pharmaceutical promotion. On the other hand, the system also caters to European countries where, unlike postal zip codes in United States, they use 'bricks' that contain more than 5 alphanumeric characters. It is important for an SFA system being implemented for a pharmaceutical company to be adaptable to either postal coding system, since most global pharmaceutical companies use postal codes to assign physicians to each representative's territory, and Dendrite's SFA system can do this flexibly. Dendrite's CRM products also have built-in features that adapt to different languages based upon the country in which the system is implemented.

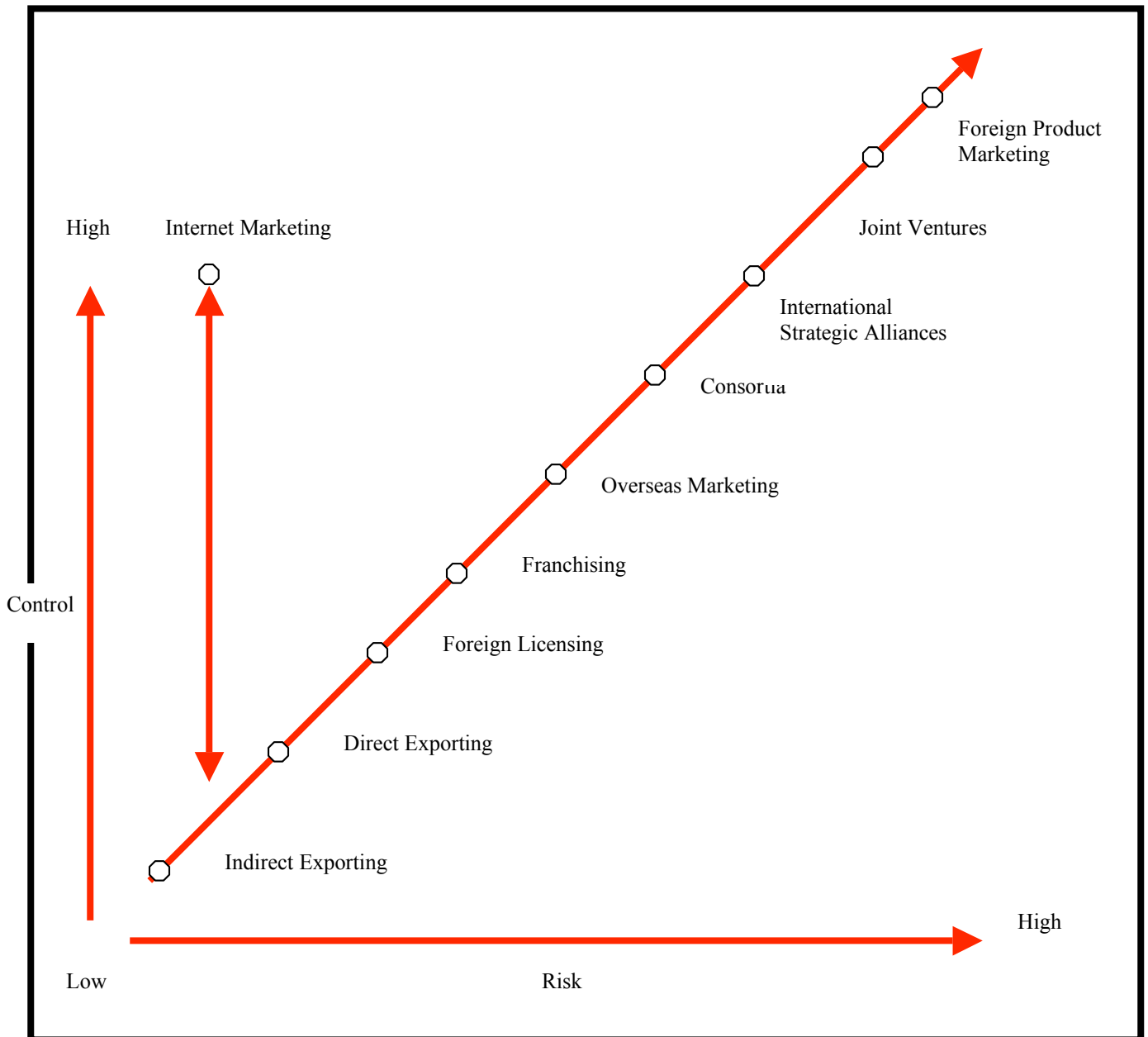
Therefore, though Dendrite's CRM solution has been standardized in terms of implementing a base SFA system for any pharmaceutical company in the world, due to its inherent ability to adapt to specific needs of various regions and also due to the ability to configure or customize the system to an extent that meets client business requirements, the product is well suited to be implemented any where across the world, including the CEE countries, and this is what Dendrite set out to do as part of its CEE entry strategy.

Table 1: Advantages and Disadvantages of Global Market Entry Strategies⁵⁰.

<i>Entry Mode</i>	<i>Advantages</i>	<i>Disadvantages</i>
<i>Indirect Exporting</i>	<ul style="list-style-type: none"> ▪ Low commitment (in terms of resources) ▪ Low risk 	<ul style="list-style-type: none"> ▪ Lack of control ▪ Lack of contract with foreign market ▪ No learning experience ▪ Potential opportunity cost
<i>Direct Exporting</i>	<ul style="list-style-type: none"> ▪ More control (compared to indirect exporting) ▪ More sales push 	<ul style="list-style-type: none"> ▪ Need to build up export organization ▪ More demanding on resources
<i>Licensing</i>	<ul style="list-style-type: none"> ▪ Little or no investment ▪ Rapid way to gain entry ▪ Means to bridge import barriers ▪ Low risk 	<ul style="list-style-type: none"> ▪ Lack of control ▪ Potential opportunity cost ▪ Need for quality control ▪ Risk of creating competitor ▪ Limits market development
<i>Franchising</i>	<ul style="list-style-type: none"> ▪ Little or no investment ▪ Rapid way to gain entry ▪ Managerial motivation 	<ul style="list-style-type: none"> ▪ Need for quality control ▪ Lack of control ▪ Risk of creating competitor
<i>Contract Manufacturing</i>	<ul style="list-style-type: none"> ▪ Little or no investment ▪ Overcome import barriers ▪ Cost savings 	<ul style="list-style-type: none"> ▪ Need for quality control ▪ Risk of bad press ▪ Diversion to gray and/or black markets
<i>Joint Venture</i>	<ul style="list-style-type: none"> ▪ Risk sharing ▪ Less demanding on resources (compared to wholly-owned) 	<ul style="list-style-type: none"> ▪ Risk of conflicts with partner(s) ▪ Lack of control ▪ Risk of creating competitor

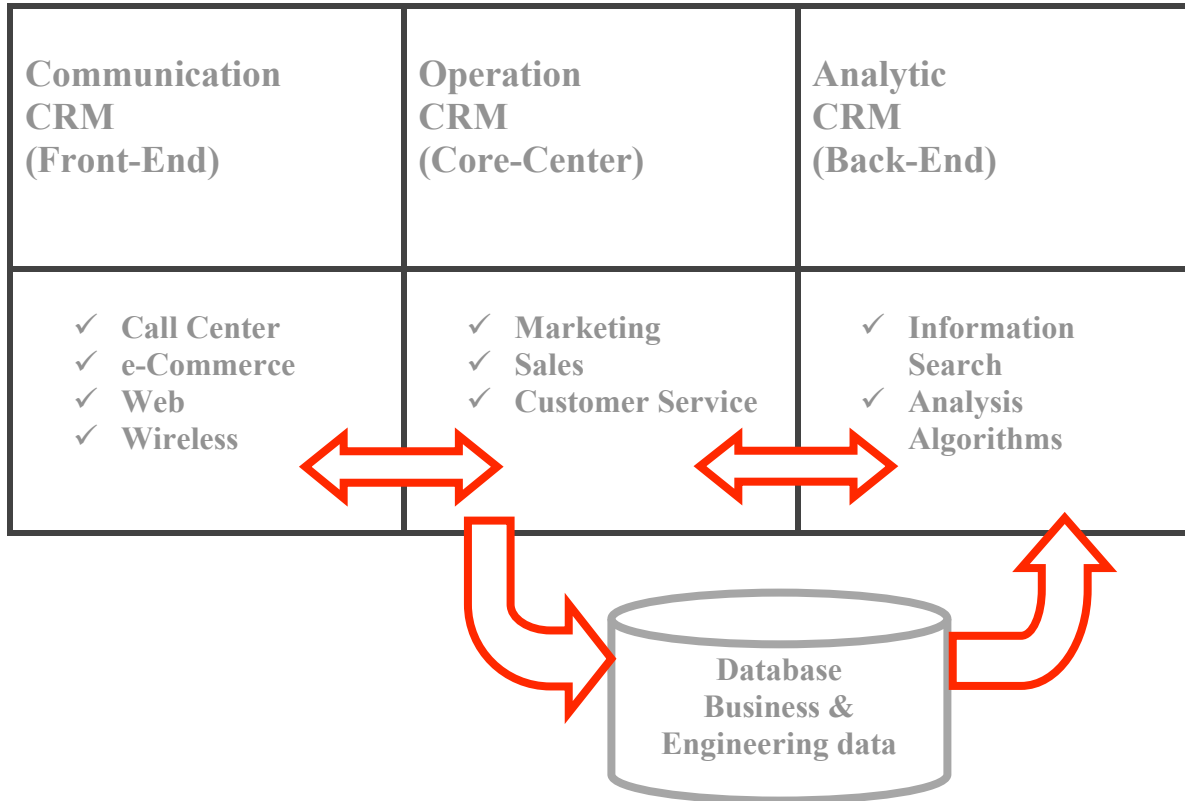
⁵⁰ Professor Dr. Rajiv Mehta, "Global Marketing Management: Planning and Organization", 'Competing in Global Markets' NJIT Class Notes

Figure 1: Global Market Entry Strategy – Control and Risks⁵¹



⁵¹ Professor Dr. Rajiv Mehta, "Global Marketing Management: Planning and Organization", 'Competing in Global Markets' NJIT Class Notes

Figure 2: Generalized Architecture of CRM System⁵²



⁵² Melissa C Lin, "A Study of Mainstream Features of CRM System and Evaluation Criteria", IT Specialist, U.S. Department of Agriculture

Traditional View versus Unified View of Managing Customers⁵³

Figure 3: Traditional Structure

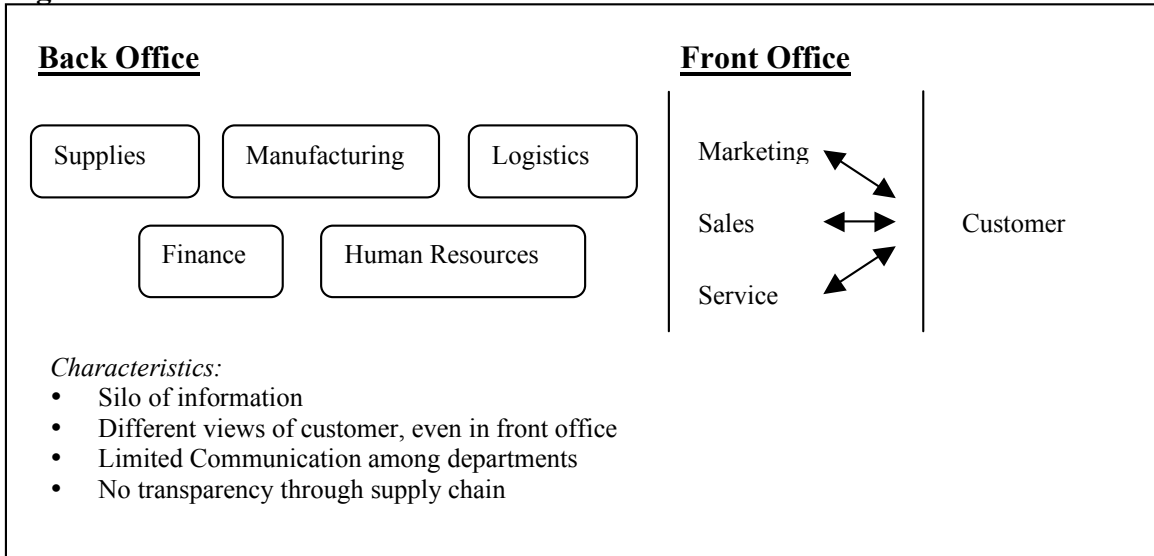
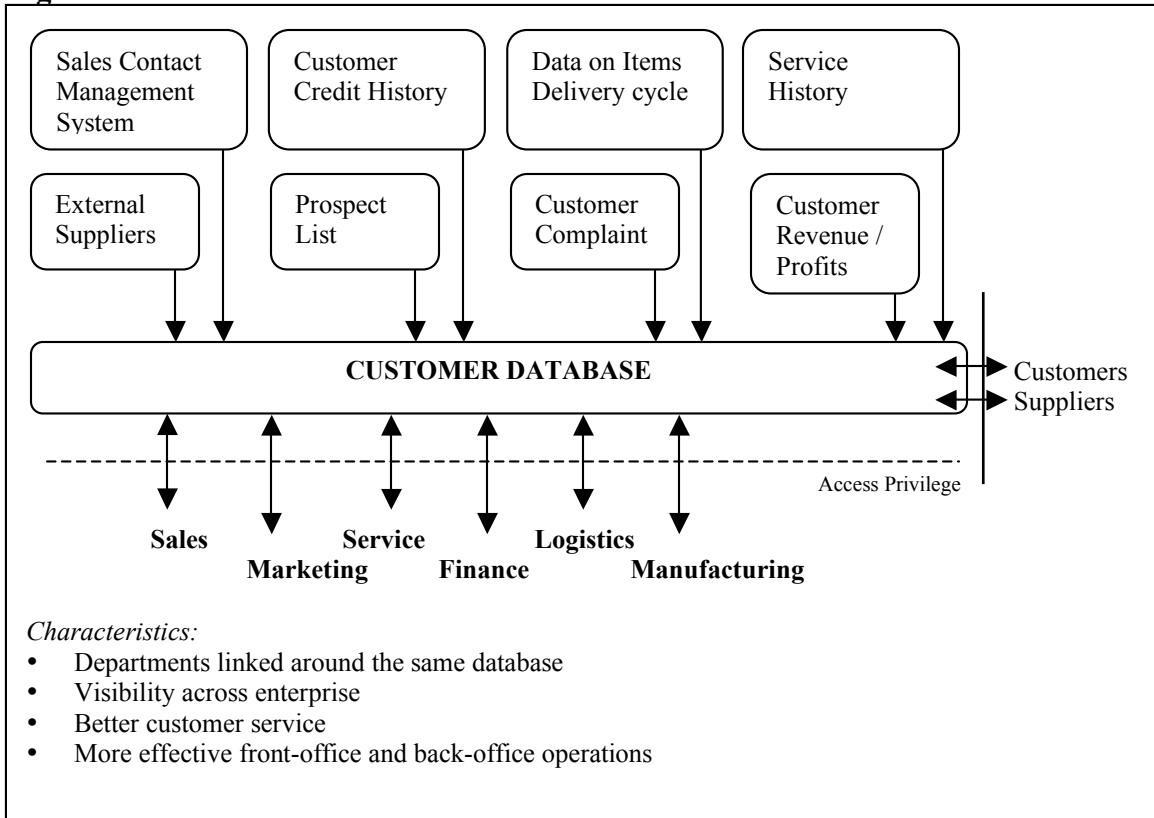


Figure 4: Unified View of Customer



⁵³ Kieth Rogers, Dennis Howlett, "What is CRM", A white paper by TBC research in association with Goldmine software (Europe) Ltd

Table 2: Leading Technologies and Portable Devices Supported⁵⁴

Platforms Compatible / Solutions	Laptops	Tablet PC	Pocket PC	PDA
Dendrite International's, Forcepharma™	√	√	√	√
Siebel Systems, Inc	√	√	√	√
Cegedim S.A.	√	√	√	√
StayinFront's Visual Elk™	√			√
ASI's Reward™ (SFA) and other CRM solutions	√			
AventGo's Mobile Pharma			√	√
Cowley and Associates' PharmaLogix			√	
Proscape's MSE		√		
Synergistix Data Solutions's C.A.T.S.	√	√	√	√
Unisys' MAS	√			√

⁵⁴ Frontline Strategic Consulting, Inc., "Pharmaceutical Customer Relationship Management, Tools to Improve Sales Force Effectiveness & Productivity", 2003

Table 3: Dendrite's Income Statement for 2001, 2002 and 2003⁵⁵

PERIOD ENDING	31-Dec-03	31-Dec-02	31-Dec-01
Total Revenue	321,107	225,756	224,647
Cost of Revenue	163,512	111,547	122,108
Gross Profit	157,595	114,209	102,539
Operating Expenses			
Research Development	11,633	10,396	11,104
Selling General and Administrative	111,139	77,301	94,578
Non Recurring	-	1,785	17,833
Others	-	-	-
Total Operating Expenses	-	-	-
Operating Income or Loss	34,823	24,727	(20,976)
Income from Continuing Operations			
Total Other Income/Expenses Net	1,291	936	2,442
Earnings Before Interest And Taxes	36,114	25,663	(18,534)
Interest Expense	-	-	-
Income Before Tax	36,114	25,663	(18,534)
Income Tax Expense	15,054	10,265	(6,063)
Minority Interest	-	-	-
Net Income From Continuing Ops	21,060	15,398	(12,471)
Non-recurring Events			
Discontinued Operations	-	-	-
Extraordinary Items	-	-	-
Effect Of Accounting Changes	-	-	-
Other Items	-	-	-
Net Income	21,060	15,398	(12,471)
Preferred Stock And Other Adjustments	-	-	-
Net Income Applicable To Common Shares	\$21,060	\$15,398	(\$12,471)

(All numbers in thousands)

⁵⁵ Dendrite International, Inc. <http://finance.yahoo.com>

Table 4: Dendrite's First Source CRM Suite of Products⁵⁶

Product Category / Product Name	Description
Product Category: Customer Insight	A customer information foundation that provides a single view of the customer and strategies to ensure relationships with key influencers, Prescribers, and thought leaders are strengthened in order to drive market success.
<i>Product Name:</i> First Source Customer Insight	A pharmaceutical analytics solution program that enables pharmaceutical companies to integrate customer information across multiple channels, departments and countries to build a level of customer intimacy and insight that creates higher productivity.
Product Category: Integrated Application Suite	A comprehensive framework that provides pharmaceutical-ready CRM applications, integration technologies, and Web services to support your business and the reuse of your existing investments.
<i>Product Name:</i> First Source Sales Applications	A comprehensive, field-based product suite that helps pharmaceutical companies manage all aspects of sales force activities.
<i>Product Name:</i> First Source Technology Foundation	Dendrite's technology foundation enables a cost-effective approach to integration with other enterprise applications-including sales force automation, sample management, customer management, call center, marketing, and data management solutions-in order to share information across the enterprise and achieve true CRM business objectives.
Product Category: Integrated Business Processes	The experience to integrate your clinical, marketing, and sales business processes to ensure customer information and interactions flows throughout your organization, and to ensure a sustained product intervention strategy with key customers
<i>Product Name:</i> First Source Trial Support	A solution program that helps pharmaceutical drug manufacturers successfully initiate and conduct clinical trials and pre- and post-market risk assessments.
<i>Product Name:</i> First Source Integrated Marketing	A comprehensive, integrated solution comprised of segmentation/targeting, execution, and ROI measurement that enables brand managers to execute more precise marketing campaigns that impact physician prescribing behavior.
<i>Product Name:</i> First Source Sales Applications	A comprehensive, field-based product suite that helps pharmaceutical companies manage all aspects of sales force activities.
<i>Product Name:</i> First Source Sample	A comprehensive solution program that manages the entire lifecycle on sample product promotion and compliance

⁵⁶ Dendrite International, Inc., www.dendrite.com

Table 4 (Continued): Dendrite’s First Source CRM Suite of Products⁵⁷

Product Category: Support Services	Provide critical operational, technology, and employee support functions to ensure continued CRM excellence
<i>Product Name:</i> First Source Sales Support	The most representative prescription database available because it is sourced at the point of transaction — the retail pharmacy.
<i>Product Category:</i> Strategic Planning and Analysis	Using the knowledge gained through behavioral analysis, Prescribers are brought into focus to develop strategic, actionable plans
<i>Product Name:</i> ScripMaxAccess TM	The first solution that gives pharmaceutical companies direct access to and interaction with the largest set of longitudinal prescription data (LPD) available.
<i>Product Name:</i> ScripMaxAction TM	The first comprehensive solution that enables pharmaceutical companies to effectively coordinate and target the efforts of their sales and marketing organizations by automatically understanding prescribing behaviors
<i>Product Name:</i> ScripMaxIQ/MD TM	The pharmaceutical industry’s first comprehensive marketing tool capable of providing physician-level insight to assist in segmenting physicians based on their unique prescribing behavior
Product Category: Information Foundation	Comprehensive customer information and behavior analysis sources that provide a solid base of insight to build customer intelligence capabilities
Longitudinal Prescription Data	The most representative prescription database available because it is sourced at the point of transaction — the retail pharmacy
PharbaseTM	The industry’s most comprehensive master list of Prescribers and midlevel practitioners available
Product Category: Intelligence Enablers	Obtain a high quality, single-comprehensive view of the customer to support the analysis required to gain a new level of customer intimacy
Business Intelligence Data Mart	Enables pharmaceutical companies to combine disparate information through an analytics data mart to maximize sales and marketing effectiveness
Customer Master	The only end-to-end customer information management solution that enables users to capture, centralize, and manage customer-related information
Customer Validation and Cleansing Services	Offers comprehensive customer information management services to the pharmaceutical industry that ensure practitioner data is clean, up-to-date, and verified; allowing every practitioner to be standardized, matched, and merged against Pharbase

⁵⁷ Dendrite International, Inc., www.dendrite.com

Table 5: Dendrite's Clients and Dendrite's Partners⁵⁸**Pharmaceutical and Life Sciences Clients:**

Abbott Labs	Eisai	Purdue Pharma
Akzo Nobel	Eli Lilly	Roche
Alcon Labs	Forest Labs	Sankyo
Allergan	Fujisawa	Sanofi-Aventis
Altana	GlaxoSmithKline	Schering AG
Amgen	Johnson & Johnson	Schering-Plough
AstraZeneca	KOS Pharmaceuticals	Serono
Baxter	Kyowa	Shire
Bayer	MedPointe	Solvay
Biogen Idec	Merck	Takeda
Boehringer Ingelheim	Novartis	Tanabe Seiyaku
Bristol-Myers Squibb	Novo Nordisk	Wyeth
Chiron	Ono	Yamanouchi
Daiichi	Pfizer	

Consumer Goods Clients:

Bacardi/Martini Triodis http://www.bacardi.com/	General Mills	LMVH	Rayovac	http://www.revlon.com/
Coty Lancaster	Gillette	Nestlé Purina Petcare	Revlon	http://pepsico.fr/index.asp
Evian Danone Water	Kronenbourg	PepsiCo		

Clinical Trial Clients:

Fujisawa Pharmaceutical Company
H. Lundbeck A/S
Schwarz Pharma
Pfizer Global Research and Development

Dendrite delivers a wide variety of service and solutions to our customers through collaborative alliances. These alliances are listed below:

Business Objects	Microsoft Corporation	Sentrx
BuzzeoPDMA Inc	MedManage Systems, Inc.	Sybase, Inc.
FirstLogic	Oracle Corporation	Synectics Group
Informatica	QlikTech	Update.com
Interwise	SAP	

⁵⁸ Dendrite International, Inc., www.dendrite.com

Table 6: Siebel Systems, Inc. CRM Products – Detailed Description⁵⁹

Product Name	Product Description
<i>Siebel Sales</i>	Siebel Sales give sales professionals proven competitive advantages in pipeline visibility, sales effectiveness, and best practices. They also deliver best-of-breed sales functionality and provide the only sales force automation solution to span the entire range of today's implementation environments
<i>Siebel Forecasting</i>	Siebel Forecasting is a necessary sales tool for today's Managers and Executives who are driven to increase revenues and decrease costs. Siebel Forecasting delivers comprehensive forecast visibility, real-time opportunity management, improved sales and marketing decision-making, and lower administrative and inventory handling costs. In deploying Siebel forecasting, sales organizations of varying complexities and geographies are better positioned to monitor the health of their business in real time and to pro-actively address trends, shortfalls, and opportunities for increased revenues
<i>Siebel Sales Analytics</i>	Siebel Sales Analytics is an end-to-end next-generation analytics solution that provides all users with up-to-the-moment, actionable customer and business intelligence. Insight based on best practices. Insight that is complete and unlocks the value hidden in data silos by spanning real-time and historical sources across the sales enterprise. With over 60 pre-built reports including dashboards on lead generation, sales effectiveness, pipeline management, customers, and industry competitors, Siebel Sales Analytics drives more intelligent actions and interactions, dramatically improving responsiveness, effectiveness, and competitive advantage.
<i>Siebel Usage Accelerator</i>	High performance sales organizations have adopted practices and deployed sales force automation (SFA) systems to help increase sales effectiveness, increase win rates and drive more revenue. The success of an SFA deployment ultimately hinges on how effectively the sales team is utilizing the system. While sales leadership clearly benefits from greater visibility into sales performance, the real value is in driving the knowledge contained in the system down to front-line managers and sales representatives, who are in the best position to take action on the information and drive change.
<i>Incentive Compensation Management</i>	Designed specifically to meet the needs of compensation administrators, executives, and sales and service professionals, Siebel Incentive Compensation Management (ICM) enables companies to drive revenue and profits through the use of strategic incentive programs that are aligned with corporate objectives. Siebel ICM calculates the compensation due each plan participant based on any measure, communicates out goals and attainment levels, and provides functionality to model compensation plans and their expected incentive costs
<i>Siebel Mobile Sales</i>	Siebel Systems is the leading provider of mobile CRM solutions that enable access to business critical information. Siebel Mobile Sales support sales professionals who frequently work outside of their connected office environments, empowering them with an intuitive mobile technology

⁵⁹ Siebel Systems, Inc., www.siebel.com

Figure 5: Siebel versus Dendrite – 5 Year Comparative Market Performance⁶⁰

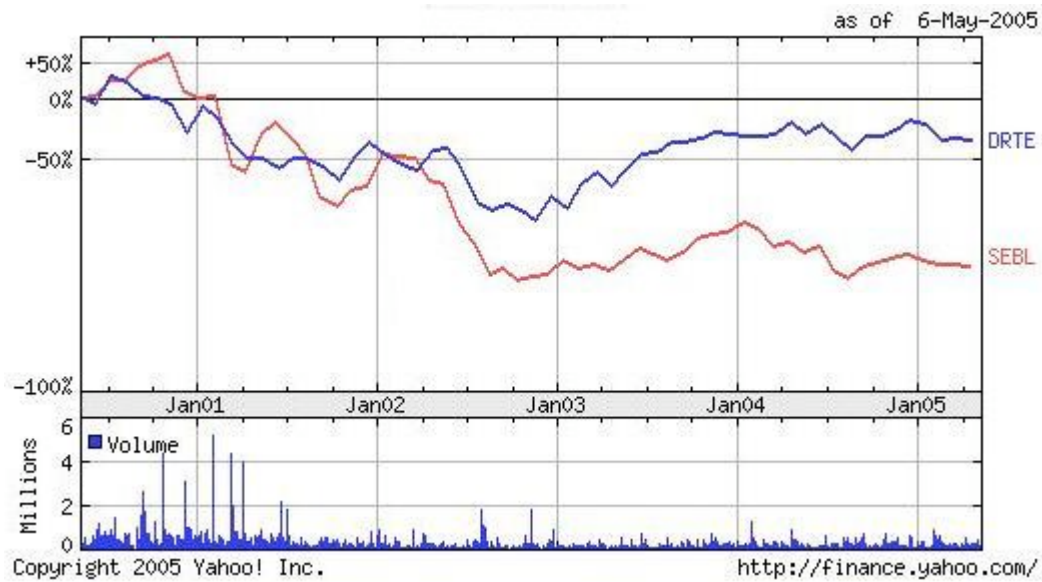


Table 7: 2002 Global Pharmaceutical Sales by Region⁶¹

World Audited Market	2002 Sales (\$bn)	% Global sales (\$)	% Growth (constant \$)
North America	203.6	51%	+12
European Union	90.6	22	+8
Rest of Europe	11.3	3	+9
Japan	46.9	12	+1
Asia, Africa and Australia	31.6	8	+11
Latin America	16.5	4	-10
TOTAL	400.6bn	100.9%	+8%

⁶⁰ Yahoo! Finance, <http://finance.yahoo.com>

⁶¹ IMS World Review 2003. Sales cover direct and indirect pharmaceutical channel purchases in US dollars from pharmaceutical wholesalers and manufacturers.