

## CASE STUDY

# Gross to Net (GTN) Modelling



## DESIGNING A DYNAMIC TOOL FOR DETAILED GROSS TO NET REVENUE MODELLING

All major pharmaceutical and biotech companies require an adaptive platform that would provide a clear view of flow of company's Gross-to-Net financials. The "Gross to Net" (GTN), in its essence, captures droppage accounted via promotional discounts and rebates

Viscacia has developed a GTN calculation platform to analyse the demand and pricing KPIs in an all-encompassing interactive GTN dashboard. It is designed to address all nuances related to federal rebates per US government policies.



Specialized platform to calculate and aggregate commercial and federal discounts to understand revenue droppage



## CHALLENGES

### Federal channels

Accommodating inputs around varying federal discounts across different channels

### Inventory consideration

Effectively incorporating inventory dynamics across channels and understanding demand distribution across channels

### Average selling price (ASP)

Formulating relationship between Wholesaler Acquisition Cost (WAC) and various rebates and chargebacks to estimate Average Selling Price (ASP) across channels



## APPROACH

### Channel segmentation

Accommodated various channels across nodes of distribution network during the flow of drug from manufacturer to the patient

### Discount calculations

Incorporated operational nuances in the tool for different federal and non-federal channels to derive respective rebates/ discounts

### Standardization route

Created a robust methodology to enable the user to function at Stock Keeping Unit (SKU) as well as Standard Unit (SU) level across various channels

### Forward-looking tool

Ensured tool is equipped to forecast GTN for forthcoming years thus enabling user to devise well-informed strategies

### Central repository

Created a one stop repository for all the KPIs, related to GTN, for downstream usage by finance and forecast teams

### Scenario modelling

Provided functionality that provides user the flexibility to configure and compare different what-if scenarios on the fly



## OUTCOMES

### End deliverable

- A comprehensive tool with insights and outputs enabling analysis of GTN evolution over time.
- Accounting summary to help visualize the flow of discounts from top-line to bottom-line across each indication & channel as well as at overall level
- User manual providing extensive documentation of model design and operation to facilitate easy knowledge transfer

### Key highlights

- Formulated ASP calculation and contractual relationship between Clinics & Group Purchasing Organizations (GPOs)
- Provided functionality to define custom drug distribution network, input pricing and SKU assumptions as required to understand discount impacts on Net revenue

### Impact

- **Immediate impact:** GTN would serve as an end-to-end tool to understand revenue droppage across various ends and channels and shape commercial strategy
- **Long term impact:** GTN optimization would enable company leadership to make informed decisions, not only to drive the bottom-line growth but also to enhance competitive market positioning