UNDERSTAND THE VALUE OF YOUR PIPELINE INVENTORY EXPOSURE AT ALL STAGES OF YOUR PRODUCT LIFECYCLE.

*Brand Loss of Exclusivity (LOE)*

**SITUATION**

A large pharmaceutical brand that had experienced years of patent exclusivity recently entered a point in its lifecycle where generic entrants were knocking on its door. It was anticipated that in the coming six months, the brand would face competition from several generic brands for the first time since its approval. The brand’s finance and commercial teams were in a challenging position of planning for the loss of exclusivity (LOE). Both teams faced an onslaught of new questions not addressed in the brand’s past promotional and growth phases. *What is our current and future inventory exposure? What are our expected returns at LOE? What are the proper accruals levels to account for during LOE? During an LOE event, how will the revenue recognition model be impacted? How do we address these questions in a manner that we can justify to our external auditors?*

**SOLUTION**

ValueCentric was asked to provide data, modeling, and consultative support to address the commercial and finance teams’ key concerns and address business questions around the loss of exclusivity (LOE). ValueCentric’s approach provided the knowledge to estimate exposure of downstream inventories, estimate return rates, specify accrual rates on rebates, and determine promotional liabilities. Backed by ValueCentric’s industry insight and accounting expertise, the pharmaceutical brand’s manufacturer employed ValueCentric’s proprietary methodology for projecting of future returns.

**RESULTS**

The solutions provided both to the brand and finance commercial teams resulted in one view of the inventory and return estimates during the period of LOE. With ValueCentric’s highly effective methodology for projecting the timing and quantities for future returns, audit teams were provided with the detail and transparency needed to support accrual assumptions. The results provided tighter and more reliable gross to net estimates for the brand during the start of generic competition. ValueCentric saved the client tens of millions of dollars in inventory and manufacturing costs by identifying channel-specific inventories and informing the manufacturer how to repurpose inventory, given the drastic changes in demand.