

# Deciphering Current Strategic Outsourcing and Vendor Management Trends

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# Objectives

- Definitions
- Trends
- Variables to consider
- “Risk-benefit” analysis
- Metrics of success

# Definitions

- Internal resources
  - Employee - full-time, dedicated tasks, salary and benefits
  - Short-term consultant - expert in a specific field with wide knowledge of the subject matter
- External vendors
  - Outsourcing - contracting a business process to a third-party
  - Vendor - person or organization that “sells” contingent labor; independent consultant or a consulting company

# Trends

- The International Association of Outsourcing Professionals (IAOP) estimates this is a \$6 trillion global industry
- January 2010 poll of IAOP members showed 56% of respondents planned to increase outsourcing activities in the future (9% increase from 2009)
- More about strategy: about 50% of respondents indicated that greater business flexibility and preparing the company for future growth have become more important reasons for them to use outsourcing

# Trends (2)

- Smarter, skilled profession: Knowledge-based outsourcing is becoming more important. Over 40% indicated that the focus was increasingly on knowledge-based activities compared to less than 30% who said they were increasing the outsourcing of lower-skill level positions
- Bundling services: 45% stated that their company was more focused on bundling services with fewer outsourcing services providers versus 18 percent who indicated that they were doing more multi-sourcing
- Senior executives are becoming more involved in the decision-making process

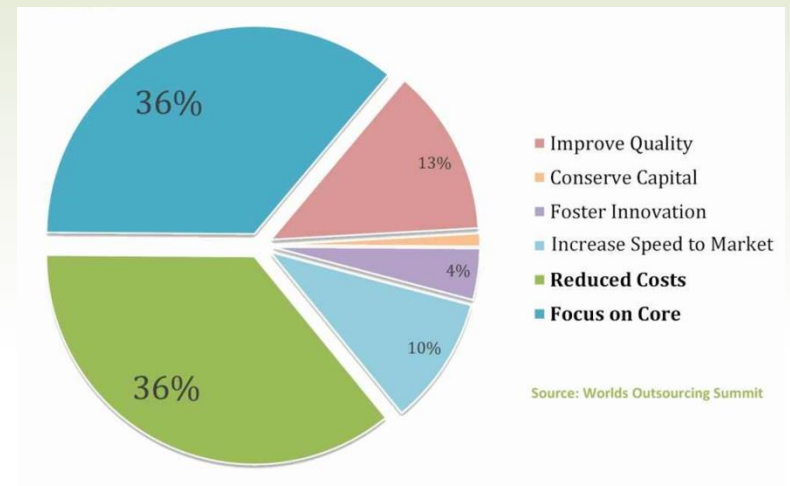
# Use of external vendors

## PROS

- Pay only for services as needed
- Reduce overhead of full-time employees
- Reduce training costs
- Constant access to fresh expertise

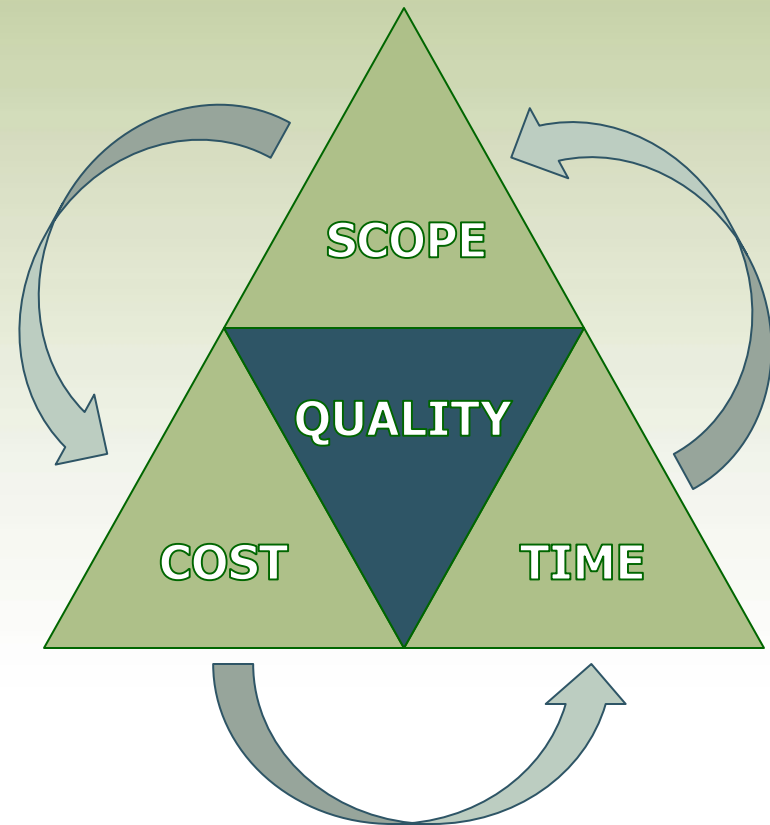
## CONS

- Loss of timeline control
- Loss of quality control and transparency
- Hidden costs



# Variables to consider

- Project definition
- Deadlines
- Budget
- Overall quality



# Defining the scope

- What is the project?
  - Filing to a regulatory agency? FDA or EMA? Updates, filings, or responses?
  - Application for a grant or contract? Private or government funding?
  - What expertise is needed? Manufacturing? Clinical?
- Obtain consensus within the internal team
- Clearly write the Request for Proposal (RFP) or Request for Information (RFI)



# Time is money

- Deadlines
  - Complete your own timeline assessment
  - Include time required to get a consultant up to speed with your task
  - Allow for incorporation of insight from the team



# Money, money, money

- Budget
  - Project costs
  - Overhead costs
  - Contingency cost to accelerate

The screenshot shows a budget spreadsheet with the following data:

Group/Range	Total Budget	Total Actual	Variance	Line Budget	Line Actual	Variance	Sub Budget	Sub Actual	Variance
SGI, LLC	8.00	8.00	0.00	8.00	8.00	0.00	8.00	8.00	0.00
Revenue	4,000.00	4,000.00	0.00	2,000.00	2,000.00	0.00	2,000.00	2,000.00	0.00
Expenses									
Travel	4,000.00	4,000.00	0.00	2,000.00	2,000.00	0.00	2,000.00	2,000.00	0.00
Other Expenses	100.00	100.00	0.00	100.00	100.00	0.00	100.00	100.00	0.00
Subtotal	4,100.00	4,100.00	0.00	2,100.00	2,100.00	0.00	2,100.00	2,100.00	0.00
Contingency	100.00	100.00	0.00	100.00	100.00	0.00	100.00	100.00	0.00
Total	4,200.00	4,200.00	0.00	2,200.00	2,200.00	0.00	2,200.00	2,200.00	0.00

# Who can do the best job?

- Overall quality
  - Style harmonization
  - Listening to the consultant
  - Most current expertise
  - Resources (e.g., software availability)



# Metrics of success

- Clearly define expectations
- Utilize clearly written agreements
- Gain consensus of project team EARLY
  
- Visually pleasing and factual document?
- Award of application (e.g., IND) or grant/contract
- On-time submission
- Completed within or under budget

# Break-Out Session

- Financial and budgetary considerations
- Benefits of hiring short-term internal consulting authors vs. true outsourcing
- Metrics to evaluate RETURN ON INVESTMENT



# Questions



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