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1981 KOATE MARKETING NOTES.

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KOATE 1981 MARKETING NOTES.

1. Market Overview.

Health Services finances will continue to be strictly controlled during 1981, and due to increasing costs and central Government spending cuts, the total purchasing power of Health Authorities is likely to be reduced in real terms. Thus the present extreme price-sensitiveness of the A.H.F. concentrate market can be expected to continue especially as demand is likely to continue to increase.

Current thinking on the treatment of inhibitors with expensive activated Factor IX products and extremely large doses of A.H.F. concentrate will demand a significant proportion of available money. Unpublished, but widely discussed work from the Bonn Haemophilia Centre concerning the treatment of inhibitors and prophylaxis is causing some U.K. Directors to question the level of treatment given in this Country. The average usage of Home Treatment patients in 1979 was 23,500 units per year. With at least one centre treating at a level of 70,000 a.u. per year, treatment levels still vary a great deal. A number of centres now provide prophylactic treatment but dosage schedules of 250 a.u. on alternative days remain low. It is likely that these areas of treatment will demand more A.H.F. concentrate in 1981, and the market can be expected to grow to possibly 40 million a.u.

At present, none of the three leading suppliers appears to have a dominant image with Haemophilia Centre staff. Cutter has an opportunity to become the market leader and company identifiable with the treatment of Haemophilia. To this end we must provide the following in 1981 :-

1. Adequate supplies of Koate in demanded potencies/vials.
2. A competitive price.
3. Support and committment.
4. Good representation.

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2. Market Definition.

Segmented as follows :-

2.1 Home treatment.

2.2. Hospital outpatient treatment.

2.3. Surgery a) emergency,
b) elective.

2.4. Prophylaxis.

2.5. Inhibitor treatment.

2.6. Paediatrics.

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3. Market Information.

3.1. Haemophilia Centres.

There are 115 centres in the U.K. The key reference centres and allied major users are as follows :-

a) Oxford, Birmingham, Alton, Belfast.

b) Royal Free, London.

c) St. Thomas', London.

d) University Hospital of Wales.

e) Manchester, Liverpool.

f) Newcastle.

g) Sheffield, Leeds.

h) Glasgow.

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3.2. Patients.

Total number of registered patients estimated at 3,250.

Category 1	f VIII level	0 - 1 %	Severe	c. 850
Category 2	f VIII level	1 - 5 %	Medium/severe.	c. 800
Category 3	f VIII level	5 % +	Moderate/mild	c.1600

3.3. Home Therapy

Estimate c. 1100 patients involved.
Average usage 25,000 a.u. + per annum.

3.4. Estimated Current Market.

33 million activity units.

Armour	27 %
Immuno	23 %
Travenol	23 %
Speywood	12 %
Alpha	7.5 %
Cutter	7.5 %

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3.5. Existing Contracts.

Travenol.	Manchester. Middlesex. Belfast. Edgware. Leeds.
Armour.	Liverpool. Birmingham. Coventry. Royal Free. Great Ormand Street. The London. U.C.H. Hammersmith. Luton. Bedford. Brighton. Leeds.
Immuno.	Manchester. Royal Free. Great Ormand St., The London. U.C.H. Belfast. Brighton.

The run out dates of some of these contracts are not yet known but will be determined shortly.

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4. Product Definition.

4.1. Koate.

Code	650-20	250	units nominal	10 ml
Code	650-30	500	units nominal	20 ml
Code	650-50	750- 1,000	units nominal	40 ml

Concentrate, diluent and filter needle.

4.2. Home Care Kit.

Code 890-78 C

23 ga. Saftiwing with 12 " tube.	1
Sterile 20 ml syringe.	1
1" 20 ga needle.	1
Benzalkonium chloride swabs.	2
Twist turn closing device.	1
Pressure sensitive "Hepatitis Risk" label.	1

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5. Objectives.

a) Meet or exceed the Koate Sales Budget of $ 1,527 million *

b) Establish Cutter as a major supplier with a good definable market image.

(* This equates to nine million units at 8 p with £ 1.00 = $ 2.12)

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6. Strategy.

6.1. Penetration of major accounts.

Nine major accounts/buying groups have been selected where the objectives are to gain major volume sales.

Oxford	2	million	a.u.
Royal Free and group	2	"	" "
Cardiff.	1	"	" "
Newcastle.	1	"	" "
Wessex.	1	"	" "
St. Thomas'	0.5	"	" "
Liverpool.	0.5	"	" "
Manchester.	0.5	"	" "
Leeds.	0.5	"	" "

Oxford have been buying Koate ex-Cutter at an annual rate of 1.7 million units until recent product problems appeared. It seems likely that they will commence buying again shortly and that two million units at 7.2p per a.u. is achievable.

Tenders for the Royal Free group contract (1.4.81 - 31.3.82) will be issued in January 1981, and we will be bidding for at least half of the four million units to be purchased during the contract period.

Of the remaining accounts Cardiff are expected to order in January 1981 and an early order from Leeds seems likely. Efforts are being made to repair previous damage to business relations at Alton. (80 % of Wessex group)

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5.1. MONTHLY/CUMULATIVE BUDGETS. KOATE 1981.

	J	F	M	Q1	A	M	J	Q2	J	A	S	Q3	O	N	D	Q4	TOTAL
$'000's per Month.	84.8	84.8	84.8	254.4	127.2	127.2	127.2	381.6	140.8	140.8	142.5	424.1	154.3	156.0	156.0	466.3	1526.4
$'000's Cumm.	84.8	169.6	254.4		381.6	508.8	636.0		776.8	917.6	1060.1		1214.4	1370.4	1526.4		
£ 000's per Month.	40	40	40	120	60	60	60	180	66.4	66.4	67.2	200	72.8	73.6	73.6	220	720.0
£ 000's Cumm.	40	80	120		180	240	300		366.4	432.8	500.0		572.8	646.4	720.0		
A.U.* per Month.	0.5	0.5	0.5	1.5	0.75	0.75	0.75	2.25	0.83	0.83	0.84	2.5	0.91	0.92	0.92	2.75	9.0
A.U.* Cumm.	0.5	1.0	1.5		2.25	3.00	3.75		4.58	5.41	6.25		7.16	8.08	9.00		

* Activity Units millions.

6.2. Occupancy Strategy.

At least 30 % of the market is outside the nine target accounts nominated. With a competitive price and regular sales activity we will be able to obtain substantial business in these remaining accounts and at the same time build the correct image.

6.3. Time Budget.

9	accounts requiring one call every 2/3 weeks	= 193 calls per yea
65	accounts requiring one call every 8 weeks	= 422 calls per year.
41	accounts requiring one call every quarter.	= 164 calls per year.
		779 Total calls.

From 220 working days per year this is 3.5 calls per working day.

With involvement in other Plasma products this level of calling requires two sales persons.

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6.4. Supporting Activities.

Education Programme.

Harold Booklets.	Harold's Secret. Let Harold Do It. Harold Takes A Dare.
Poster series.	Series of three.
Tape/slide programmes.	Heredity and Haemophilia. Inside a Bleeding Joint.
World Haemophilia Foundation Leaflets.	Series of seven.
Echo Magazine.	Limited no. to selected key centres.

Service Programme.

Exercise programme.
Infusion Record Book.
Reconstitution charts.
Home Care Packs.

Meetings.

Support of/attendance at/ involvement in :-

a) Hospital meetings, staff and patient training.
b) Haemophilia Society Meetings.
c) National and International Meetings.
d) Haemophilia Nurses Association.

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6.5. Pricing.

Pricing is as follows :-

a) All target accounts 7.2 p per a.u.

b) Orders of 50,000 a.u. (200 vials nominal 250) from all other accounts 7.5p per a.u.

c) All other orders 8 p per a.u.

6.6. Sales Personnel - Reporting.

1. Weekly call plan.	Ann. 1
2. Daily Sales Report.	" 2
3. Monthly Report.	

Monthly reporting to provide the following information :-

a) Koate Sales.

i) £ Sterling - sales.
ii) Activity units - sales.
iii) Target account sales by account.

b) Sales Calls Analysis.

i) No. of accounts visited.
ii) No. of contacts seen.
iii) Miles driven.
iv) No. of selling days worked.

c) Competitive Activity.

d) Summary/target account status.

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6.7. Account Coverage/Personnel.

For period 1st January to issue of Blood Licence and/or new hiring.

East Anglian	R.H.A.	Paul McKeown.
N.E. Thames	R.H.A.	
N.W. Thames	R.H.A.	
Oxford.	R.H.A.	
North Western.	R.H.A.	
Trent.	R.H.A.	
Yorkshire.	R.H.A.	
Mersey.	R.H.A.	
Belfast.		
Wales.		Barry Barber.
South Western.	R.H.A.	
Wessex.	R.H.A.	
S.W. Thames.	R.H.A.	
S.E. Thames.	R.H.A.	
West Midlands.	R.H.A.	
Northern.	R.H.A.	
Scotland.		Brian Dyos.

It is envisaged that most of my sales responsibility will shift to the Cutter Blood Bag, when a licence is received. A new sales person will be recruited to cover the Northern U.K. and Paul McKeown will cover the Southern half. I will retain sales responsibility in a number of selected accounts.

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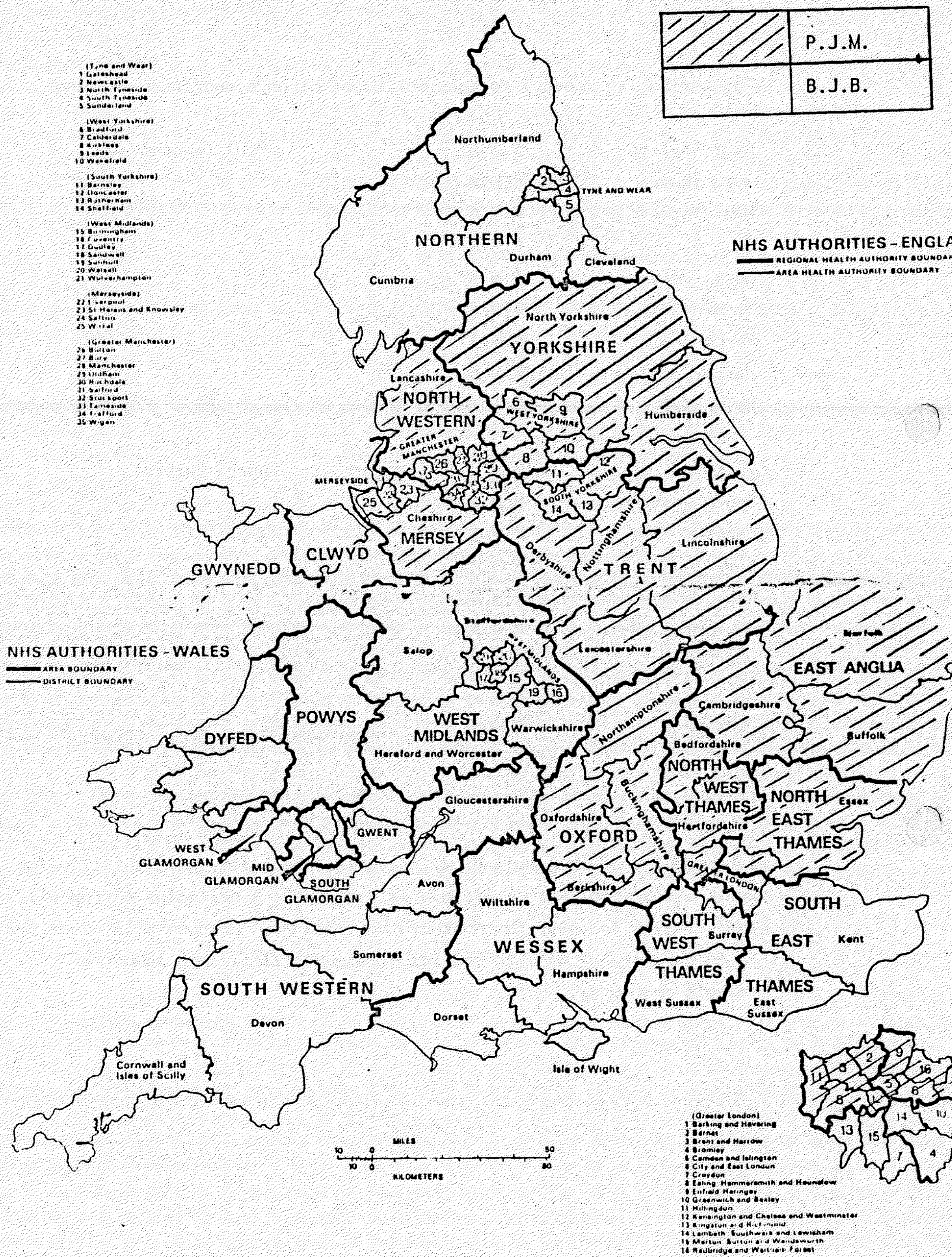
TERRITORY ORGANISATION.



7. COMPETITION.

Company	Product	Price	Comments.
Armour	Factorate I. Factorate II	7.25 - 9.5p + ? - 16p	Average product. Poor sales image. Banned from some Centres, very aggressive, flexible on price. Appear to have closed a good number of contracts.
Immuno	Kryobulin.	7.5 - 15 p	7.5p for U.S. source material. A tame approach until mid 1980. Some good loyalty, average product with excessive accessories.
Travenol.	Hemofil.	7 - 14 p	Two products - both method IV but different diluent volumes. Newer product (250 a.u./20ml) being sold at lower prices. Some good loyalties. Prepared to buy business. Average representation. Supply problems.
Speywood	Humanate.	7.25 - 7. 5p	None.
Alpha.	Profilate.	7.25 p +	Average product. Inadequate supply.

Note : See ann. 3 for details of Data/Card/Package inserts.