



Emergence stronger: Realign sales investments



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Healthcare organizations scramble to address the myriad of short and long-term impacts of COVID-19. Commercial and sales leaders have a unique opportunity, if not a mandate, to rethink their sales models in preparation for changing competitive dynamics during the recovery period.

Hospitals face potential \$122 B total revenue loss¹

For most healthcare organizations, the downturn has brought significant losses, largely due to the elimination of noncritical services like elective surgeries. Since these are among hospitals' most profitable services, the financial impact was significant. As societies across the globe begin to emerge from quarantines and social distancing restrictions, there is no doubt that all life sciences and medtech companies, even those that were fortunate enough to experience COVID-19 surge in sales, will need to rethink where future revenue will come from.

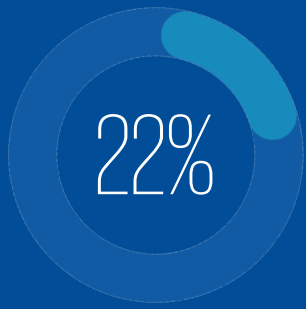
¹ Source: American Hospital Association

Around the world, COVID-19 impacted healthcare and life sciences organizations in one way or another. In healthcare, we see enormous disruptions to care delivery, and patient and provider experiences. In life sciences and med tech, there are massive variances in revenues, supply chain issues, and shifting customer and patient demands. Much has changed, some things perhaps only temporarily, but others are likely to continue well into the future, if not permanently. Realigning sales investments in response to changing demand and customer expectations will be critical for all organizations as we transition to the "new normal":

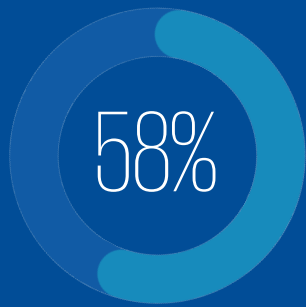


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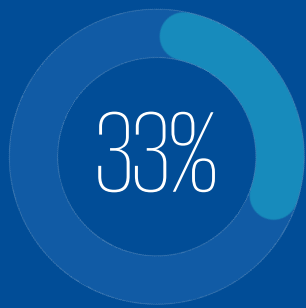
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Only 22% of organizations have a formal strategy to transition their business toward recovery.



58% are currently working on developing one.



Among these companies, only one-third have or are defining their formal strategies beyond six months.

Sources: A commissioned study conducted by Forrester Consulting on behalf of KPMG, April 2021; *KPMG 2020 CEO Outlook COVID-19 Special Edition

The evolution from data-oriented to patient-facing technologies

It is also abundantly clear from everyone's experiences during the global lockdown that our view that the Connected Customer is a critical long term trend—a "connected" digitally savvy, always 'on' customer that expects personalized solutions, and frictionless, real-time transactions through their channel of choice.

Companies quickly needed to adapt and innovate at speed, finding ways to connect and transact business virtually with their providers and buyers rather than in person. The future of sales will continue to rely on increased digital interactions, requiring the use of data to better understand and serve customers, providers, and patients to address a new set of needs and expectations.

To complicate matters further, many companies entered the downturn with sub-optimal sales models, often compromised by the rapid pace of change already impacting their sales models. This "sales pollution" accumulated over time by not fully re-balancing direct and indirect sales spend in response to things like mergers and acquisitions, new software and service offerings, and changes in revenue models. For these companies, the impact on profitability—not just revenue—was more severe due to inherent inefficiencies in key sales model components. Channel strategies, coverage models, sales processes, and sales operations needed to be modernized.

While all sales leaders must address the realities of managing sales spend in the near-term, they will also need to realign their investments to address expected changes in demand and patient expectations. This will help organizations compete in a more lean, focused, and nimble way.





The path through recovery and beyond

As we move through recovery, it's clear there is no 'one size fits all' plan. With varying degrees of risk exposure to COVID-19-driven changes, we can expect an 'alphabet soup' of recovery patterns – different sectors, companies and countries will be affected in varying ways and durations.

While companies' exposure to the impacts of COVID-19 varies widely, all will be experiencing similar short and long-term economic impacts through these four stages of recovery:



1. Reaction: All companies are thrust into triage. There's disruption to patient and provider's personal and professional lives, short-term panic behavior in certain areas and a liquidity disruption for businesses and individuals as lockdown measures are put in place to adapt to a new care model while driving personalization and empathy. Vendors for sites of care are restricted and need to quickly adapt to virtual customer engagement models.



2. Resilience: Panic subsides and lockdown controls loosen, but buyer demand remains low due to lost revenue and a shift to digital channels, global supply chains take time to recover. The depth and duration of recession and path to recovery will vary as the industry looks to re-engage providers and patients, and navigate the legislative policy changes focused on digital health initiatives and home-based care.



3. Recovery: Capital projects begin to scale, investment projects get funded, and companies look to hire. The creation of new jobs lowers anxiety, consumer sentiment becomes more positive and consumption improves. Positive impacts of the COVID-19 situation, such as reduced travel, remote work, and telehealth encourage the pursuit of a patient focused recovery.



4. New reality: The 'new normal' sets in. Disruption-tested technologies and solutions become standard, while some things—how we care for patients, engage with our providers, and sell to our buyers—are changed forever. Remote connectivity proves viable. New priorities and habits migrate to new types of internal and customer-focused collaboration and acceleration of digitized patient care.

Whether it be adopting new collaborations to accelerate time, attention, and capital for vaccine R&D or shifting care models to meet the needs of the digital customer, organizations have changed how they work, and the changes are here to stay. Sales leaders will need to adapt to this new reality and add new engagement models that will help healthcare providers and buying groups to put patient outcomes first. They will require sales teams to expand their skillset and toolbox to effectively engage and assist their customers on their new journey.

Today, 55 percent of healthcare providers use clinical decision support systems and 48 percent employ patient care guidance platforms.

Source: KPMG 2021 Healthcare CEO Future Pulse



The questions sales leaders need to be asking right now

Many companies are just past the reaction and resilience phases, where sales leaders were focused on things like short-term spend management, enabling new ways of working, and motivating and maintaining the morale of their organizations. It's time to examine and rebalance their sales investments in accordance with their company's likely resilience, response and recovery patterns.

As companies progress through recovery, some of the key questions sales leaders should consider are:

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What lasting effects will there be on their life sciences and healthcare organizations?

Understanding how life sciences and healthcare organizations will be impacted long-term will provide insights into where demand will come from during the recovery period, so that sales leaders can direct sales investments to target the right customers with the right offers.

How aggressively do we need to manage costs? How will our sales model need to adapt?

There will be lasting effects on patient needs and expectations. Sales leaders must determine how their sales models must adapt to address these changes so they can engage their customers with the right sales motions and interactions across the end-to-end customer buying process.

How can we make our sales organization more resilient for the future?

Sales leaders shouldn't just be thinking about how they get through the disruption, but how they can get better because of it. Becoming more nimble will help sales organizations respond to what is likely to be a bouncy ride through recovery and help adapt to future disruptions.

Addressing these questions to manage sales spend and realigning investments for the future will be challenging, especially during times when cash flow pressures are high and organization change readiness is low. But doing nothing will leave companies at a disadvantage when growth accelerates.



79% of healthcare CEOs say nearly all aspects of care delivery models will have transformed significantly within the next three years.

Source: KPMG 2021 Healthcare CEO Future Pulse

How KPMG can help

KPMG can help you improve your ROI on sales investments by aligning sales strategies, processes, and talent. We bring insights designed to help you create winning customer interactions.

To support you through the post-COVID-19 recovery and beyond, we can help with focused, data-driven Sales Spend Diagnostic to produce a Rapid Realignment Plan and Recovery Roadmap bespoke to your businesses needs and circumstances. This diagnostic can yield improvement opportunities in as little as eight weeks and will provide practical recommendations on how to manage costs, while realigning your direct and indirect sales spend with future demand. If there is an appetite for it, we can also work with you to build a realistic plan for increasing the long-term resilience of your sales organization.

Every business will look different post COVID-19. Will you look to just survive through the disruption, or will you approach it as an opportunity to re-emerge stronger than your competition?

If you have any questions regarding the possible impact of COVID-19 on your business or are looking to prepare your sales organization to take advantage of the recovery period, please contact us.





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