










Market Tracking: Medical Supply Distribution

Definitions & FAQs



The Product

What is included in my deliverable?

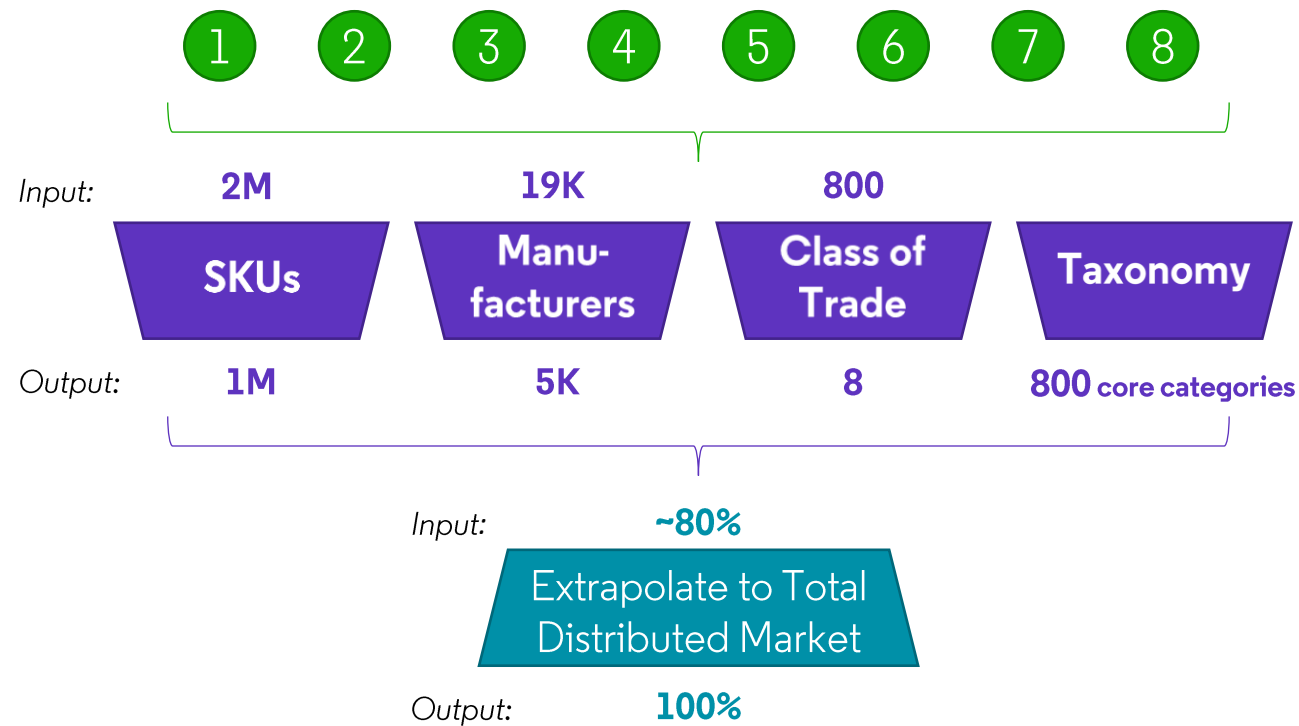
-  Date (Jan 2017-Current)
-  UNSPSC taxonomy (4 levels)
-  Class-of-Trade
-  Mastered Manufacturer description
-  SKU & Product description
-  Private label flag
-  ZIP3 (*if subscribed*)
-  Extrapolated Sales + Units (distributed market)

Product development process

Input: Raw Distributor Sales +
Item Master Jan 2017 - current

Mastering: Clean, normalize,
categorize all distributor data

Extrapolation: Project to
complete market capture



Sample

How does the program work?

- The Health Industry Distributor Association (HIDA) has brokered an agreement between 8 of its distributor members to share their detailed sales data with Clarivate. The distributors receive a share benchmarking report from Clarivate, and in exchange, Clarivate earns the exclusive commercial rights to distributor sales data.

How big is the sample?

- 8 distributors participate, including all major national distributors

How many unique OBL, ASC, hospital settings are included in the sample

- We don't receive facility-level detail from the reporting distributors. They share sales rolled up to their internal Class of Trade (facility type) reporting. Generally, we expect that most facilities to be touched by the sample

Sample

How representative is the sample?

- The sample represents ~80% of all distributed medical supply sales. The sample coverage breaks down between the various classes of Trade as follows:

Class of Trade	Sample coverage
LAB/DIAGNOSTIC	95%+
LONG-TERM CARE	95%+
ASC	90%+
HOSPITAL/HEALTH SYSTEM	85%+
PHYSICIAN OFFICE	85%+
TREATMENT CENTER	85%+
OTHER	80%+
RETAIL/CONSUMER	75%+
HOME CARE	35%+

Definitions

What is the definition of sales data? Is it based on invoice price or contract price?

- Invoice price. The sales figure reported by the distributors is what they invoice to the purchasers.

How do you define the total market, distributed market and the various classes of trade?

- For this product, the “total market” that we extrapolate to represents the distributed market – all sales of the product in question that are sold through distribution channels. We extrapolate to cover the distribution sale that are not part of our panel.
- Depending on the device market in question, a more accurate view of “total sales” could require the addition of sales through the direct sales channel, which is an integration that Clarivate offers

Does the dataset capture returns?

- Yes returns are captured as negative sales in the month of the return (not applied retroactively). Typically, these are outweighed by positive sales and result in net-positive datapoints, but we do see negative data in the sample.

Taxonomy

How is the data organized?

- We use a cross-industry international standard taxonomy called UNSPSC (United Nations Standard Product and Services Classification).

What Is UNSPSC?

- UNSPSC is a 4-level taxonomy used in international ecommerce, and is managed by GS1. Many distributors and end-users already adhere to UNSPSC classification.

What version of UNSPSC do you use?

- V22

Taxonomy

What is DRG's process for cataloging new SKUs?

- New SKUs pass through a few different considerations:
 - Is the SKU new from one distributor, but aligns to an existing SKU in the dataset from another distributor? [if yes, link SKUs]
 - [If no] Does the distributor provide an UNSPSC classification? (note we do not always agree with distributor classification, but this is a good first step)
 - Pass through a series of key-word driven business rules we have developed through cataloging the back-catalogue of SKUs
 - [If no result] Pass through AI model, which has been “training” all year to recognize SKU patterns, product descriptions, matching brands and distributor taxonomy structure in order to classify products
 - [If still no result] Manual cataloging of SKU by analysts
 - Clustering analysis to ensure that SKUs of the same type end up in the same UNSPSC category
 - QC by analysts

Class of Trade

Are more granular classes of trade available? E.g. physician offices by specialty

- Not at this time. The current level of detail represents what is reported consistently across all reporting distributors (the “lowest common denominator” of class-of-trade granularity).

9 Classes of Trade:

(with example definitions)



Hospital/Health System

- Health System
- Hospital
- Hospital Lab
- Hospital Pharmacy
- Veterans Association Hospital



Physician Office

- Alternative Medicine
- Physician Office Lab
- Primary Physician
- Specialty Physician



ASC

- Ambulatory Surgery Center
- Outpatient Surgery Center



Home Care

- Durable Medical Equipment
- Home Care
- Home Infusion
- Hospice



Lab/Diagnostic

- Blood Center/Bank
- Diagnostic Clinic/Clinical Lab
- Organ/Tissue Center
- Reference Lab



Retail/Consumer

- General Business
- Health/Beauty
- Internet
- Pharmacy Non-hospital
- Retail
- Retail Physician Office



Long-term Care

- Assisted Living
- Long-term Care
- Nursing Home
- Skilled Nursing Facility
- State VA Home



Treatment Center

- Dialysis Clinic
- Occupational Therapy/Rehab Center
- Pain Management Center
- Rental Center
- Urgent Care Clinic
- Wound Care Center



Other

- Correctional Facility
- Department of Health
- Insurer
- Military Non-hospital
- Planned Parenthood
- School/Education
- Vet

Manufacturers

How are manufacturers identified in the data?

- Manufacturers have a unique name in the dataset, cleaned and normalized across reporting distributors.

How do you manage M&A?

- We will roll up to “parent” companies wherever possible in order to clean up the dataset and normalize different reporting styles from each of the reporting distributors.

What if I would prefer to see the “child” organization as a manufacturer?

- In most cases we will try to stick to parent reporting, but please share this feedback with us as there may be exceptions.

What if I notice a case where M&A has not been captured?

- Please let us know. We’ve made an effort to capture many cases, but there are 19K unique OEMs being reported from the distributors, so we expect cleanup to be an ongoing effort.

Manufacturers

What about cases where a manufacturer is licensing a product from another manufacturer

- The selling entity will be reported – so in this case the licensee would be reported separately; those sales will not be rolled up to the licensor.

Do you group small manufacturers together into “other”?

- Yes, we group small manufacturers with <\$10K in sales into a category called “Small Manufacturers.” There is a long tail of very small manufacturers, so we’ve done this in the interest of keeping the data tidy and manageable.
- Note that we group these small manufacturers into a single datapoint for a given UNSPSC4/Month/CoT, and do not break down the SKU detail. In these cases, the SKU appears blank

SKUs

Does Clarivate make any changes to the SKUs?

- We eliminate special characters from the SKUs in an effort to boost the match rate between inputting distributors. Apart from this we generally take the SKUs as reported by the distributors, unless it has become very clear that 2 differently-structured SKUs are describing the same product (see below).

I believe Clarivate is reporting 2 versions of the same SKU

- This could occur because we receive different versions of the input SKUs from each of the distributors. We do our best to “merge” these together by eliminating special characters and creating consistency between manufacturer descriptions, but we are extremely cautious about over-merging so we have erred on the side of avoiding it.
- Please do not hesitate to share feedback about SKUs that should be merged.

Where does the product description come from?

- From the distributors. In cases where multiple distributors sell the same product, we select the longest (most descriptive) and cleanest description

There are missing product descriptions in my data

- When a product is sold by only one distributor to a unique combination of Class of Trade + ZIP5, we deem that it is a “custom” item, and have removed Units and product description in an effort to avoid sharing sensitive pricing + facility information. We have flagged each of these cases with the CTM_FLAG column (CTM_FLAG = Y)

Units and Conversion Factors

How is unit of measure determined?

- We report at the “each” level – the lowest level of granularity that the distributors could calculate for each product type.

Do you correct unit of measure issues (eg a “case” was reported as an “each”)?

- Yes, we have a process that identifies unit volume outliers based on outlier ASPs. We scale the outlier units down by aligning them to the median SKU ASP for a given SKU/CoT/ZIP/month combination.

There are missing units in my data

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Geographic Data

What exactly does the ZIP3 refer to?

- ZIP3 is the first 3 digits of a ZIP code. So several 5-digit Zip codes will roll into a single 3-digit ZIP

How large is a ZIP3?

- Similar to ZIP codes, it depends on the region. There are 33,000 5-digit ZIPs and 900 3-digit ZIPs in the US.

Is facility-level data available?

- No, the distributors do not report facility-level detail to us. They roll their sales to ZIP code and facility type.

Can you share 5-digit ZIP data?

- No, our agreement with distributors is to roll up to the 3-digit ZIP to protect anonymity.

Extrapolation

How does the extrapolation work?

- We use scaling factors derived from proprietary Clarivate datasets to scale the proportion of sales coming from our panel vs from other distributors.
- Internal datasets include:
 - SKU-level purchase order data from a feed of 3600 facilities, offering detail into HIDA sample vs non-HIDA sample proportions.
 - Patient and procedure claims with detail on procedure volume by site-of-service.

How do you validate your extrapolated data?

- We use several benchmarks to validate, including financials, market research reports and customer feedback.

What level of granularity does the extrapolation occur at?

- We extrapolate at the UNSPSC4 category level, and then spread scaling factors downstream proportional to the sample input (eg to the manufacturer, SKU and ZIP3 level).
- Note that extrapolating at a lower level of granularity (eg SKU-level) *sounds* better, but results in bumpier, less predictable extrapolations. It is better to rely on our large, stable sample for that granular detail.

Do you extrapolate Private Label products?

No, private label products are equal to the incoming sample, which should result in a more accurate representation.

ASP (Average Selling Price)

How are your ASPs defined?

- ASP is the sales for a given product divided by units

Do you provide ASP as a datapoint?

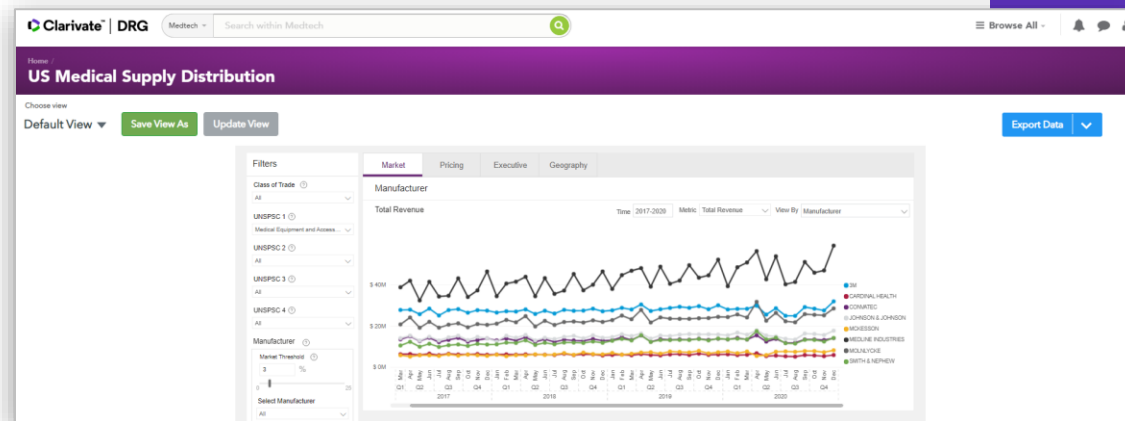
- We don't provide ASP as a column in the .csv output because it is better if the user calculates it themselves after rolling up data and applying filters. This ensures that proper weighted averages are considered.

What visibility do you have between manufacturer and distributor pricing?

- We do not have any visibility into this difference. The sales data is based on distributor invoice price

Position medical supplies for success

Identify opportunities and risks by confidently assessing market share based on real-time insights



The Market Tracking: Medical Supply Distribution solution informs:

- Brand performance tracking
- Market share reporting
- Market opportunity assessment
- Competitive intelligence
- Price strategy
- Market sizing
- Sales territory planning
- Geographic optimization
- Product portfolio performance analysis



Have a Question?

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