

CAHG

Amid flat year, Omnicom super shop merges units, bets on personalized med



one umbrella, without the need to manage conflicts. All the better for CAHG to be able to create and deploy multichannel marketing campaigns more seamlessly. The new integrated marketing services model was piloted for three years before being rolled out across the entire client base.

“We did not have to resign any accounts as a result of moving to our new service model,” says Cotherman. “We turned down opportunities in 2010 to compete for business that conflicted with current assignments.”

Another goal of the integration was to make it easier for CAHG to custom-configure teams from across the country to service accounts. “[Clients] like an ‘A’ team on every assignment,” he says. CAHG’s dream team is comprised of seven partners who work at the executive level across regions and practice areas.

Revenue wise, it was a flat year for the agency. “We continue to see great volatility in the marketplace,” reports Cotherman. The agency added more accounts than it lost, but “clients continue to be more conservative in spending and impacted by the global economic crisis, US healthcare reform and the patent cliff.” That translates into continued spending flux for inline client brands.

Challenging as the year was, CAHG added new drug and device accounts and AOR assignments from existing clients like Merck and Bristol-Myers Squibb. The agency also took steps to uncover new revenue streams, debuting what Cotherman calls the first and only practice area of its kind within any ad agency to be centered around personalized healthcare. Its goal: to accelerate the adoption of genomics-based medicine and personalized healthcare into clinical practice.

The new practice has started to bear fruit — CAHG will partner with an international affiliate in France to help launch a molecular diagnostic device for new clients bioMérieux and Royal Philips Electronics, two companies which have an agreement to develop handheld diagnostics for use at the point of care.

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—Scott Cotherman

As clients radically alter their business models, how will the traditional agency model continue to thrive? That’s one question with which many medical advertising CEOs are grappling. This year Corbett Accel Healthcare Group came up with its own answer, fusing all of its previously independent business units into one Omnicom super shop.

Now officially known as CAHG, the agency runs an advertising practice that cuts across Surge’s New York and Corbett’s Chicago geographies, and incorporates the divisions responsible for med ed (Accel), clinical trials (Iris) and digital (Kinect).

“Most agency service models are set up to serve the agency and not the client,” explains CAHG CEO Scott Cotherman. “They are structured to manage conflict and to preserve the opportunity of revenue streams across different business units.... We weren’t going to play that game anymore. It’s a shell game that’s not in the client’s best interest.”

What’s in their best interest, they told the agency in surveys, is having all practice disciplines united under



Above: A launch ad for Takeda’s Edarbi; top: part of an ad for Merck’s RotaTeq, a rotavirus vaccine



AT THE HELM

Scott Cotherman, CEO (far left), and the CAHG partners

PERFORMANCE

Revenue wise, it was a flat year; added more accounts than it lost

HIGHLIGHTS

Added new drug and device accounts and AOR assignments for existing clients Merck and Bristol-Myers Squibb

Partnering with an international affiliate in France to launch a molecular diagnostic device for bio-Mérieux and Royal Philips Electronics

Named global AOR for Merck's boceprevir (Victrelis) and vorapaxar

Landed two device wins in 2010: professional AOR work for LifeScan's blood glucose meters and global AOR for CooperVision's contact lens franchise

CHALLENGES

"Collateral damage" from upcoming patent expiries

Clients who are "risk averse" in investing in innovation

Procurement

For contact details, service offerings and client roster, see Agency A-to-Z, beginning on page 169

A long-time client, Merck, named CAHG global AOR for the boceprevir (aka Victrelis) hepatitis C drug. At press time, the agency was gearing up the brand's creative campaign. Victrelis was approved within days of J&J/Vertex's own hep. C anti-viral agent, telaprevir (aka Incivek). Incivek's clinical advantages give it the commercial edge, but by a narrower margin given the marketing savvy of Merck and its Victrelis co-promotion partner, Roche. Some analysts predict blockbuster sales for both products.

The agency also won Merck's Integrilin, for acute coronary syndrome (ACS), as well as the global AOR assignment for vorapaxar. Vorapaxar was being tested for use in patients with ACS, although Merck was forced to stop the ACS trial due to safety issues. CAHG also pitched and won Bayer's pre-launch molecule riociguat for pulmonary hypertension, as well as pan-European HCP business on BMS hepatitis B drug Baraclude.



Above: A consumer campaign for Alcon's Opti-Free EverMoist Multi-Purpose Disinfecting Solution for contacts

Business in 2010 was marked by two device wins: the professional AOR assignment for Johnson & Johnson op-co LifeScan's suite of blood glucose meters, and the global AOR account for CooperVision's contact lens franchise. The agency also picked up an assignment from Otsuka to commercialize a new delivery system for the antipsychotic aripiprazole, better known as Abilify. Otsuka shares marketing rights with BMS. "We developed a number of mobile technology apps for them," says Cotherman.

In addition to Victrelis, current launches include Alcon Labs' topical ophthalmic corticosteroid Durazolol, BMS combo diabetes product Kombiglyze XR, Takeda's Edarbi for hypertension and two OTC Alcon eye care products—Opti-Free EverMoist (global) and PureMoist (US).

When asked about losses, "nothing of significance" is Cotherman's reply. "There are some brands that our clients no longer actively promote, but that is because of spending cuts, and I wouldn't characterize them as losses by any means."

He doesn't see the volatile economic situation letting up any time soon. The biggest reason, he says, is clients' inability to replace revenue lost to expiries. More than \$108 billion in global revenue is expected to be lost from 2010-2015, while newly launched drugs are projected to bring in only \$89 billion over the same period, he notes. As they prepare for the loss

of patent protection on a brand, marketers typically increase media spend to create consumer demand. How is CAHG fixed for the patent cliff? "We're in good shape," Cotherman says. "We have only a few brands impacted by that." One of these is Abilify, which does not expire in the US until 2015.

Where the cliff harms agencies the most, though, is via a related phenomenon he calls "collateral damage." That is, even if an agency doesn't have a Lipitor on its roster, there may still be a negative trickle down effect to other brands as the client adjusts spending to manage the totality of its business.

Among other changes impacting agencies, "Procurement is the new gatekeeper for marketing and service supplier relationships," Cotherman observes. "We're dealing with an economic buyer more than ever before." In addition: traditional brand-oriented advertising is giving way to the need for increased



capacity in CRM with robust data analytics capability to capture HCP and consumer behavior.

Clients are becoming ever more discriminating before investing. "Risk aversion rules the day," he notes. "Innovation is welcomed when backed by proven results in case studies for other clients."

With challenges like that, it's easy to see why Cotherman is banking on new ideas. The agency is starting to see development work on tablet platforms like the iPad. And its personalized medicine practice may grow in importance. The new practice, says the CEO, "feeds into every service discipline we offer and that Omnicon group has."

He's hoping for more consulting work in genomics, pharmacogenomics and nutrigenomics, as well as more business from manufacturers of molecular and companion diagnostics. While some of these have been released along with targeted therapies, the field has yet to really open up.

Research the agency sponsored and conducted to assess HCPs' and the public's awareness and perceptions reveals a gap between the interest at a consumer level and physician readiness for genetic interventions. Things could pick up once the price for a genetic profile drops, Cotherman says, adding that "the real pay-off will be well into the future as healthcare continues to move toward this personalized healthcare movement."

—Marc Iskowitz