

Sudler & Hennessey

A global slowdown doesn't keep this firm from an international expansion



“Healthcare is a business that’s different enough that it has to find its own digital solutions”

—Rob Rogers

Sudler & Hennessey, with 800 employees strewn across five continents, is not only the oldest of healthcare marketing networks but one of the largest and most global. In a nod to its storied heritage, Sudler’s newly-renovated offices in New York and elsewhere riff on typographic themes, referencing the network’s origins in Art Sudler’s design studio of seventy years ago. But the company’s focus is very much of-the-moment as it navigates the perils and opportunities of a global slowdown that’s exacerbating the epochal pipeline crisis roiling its clients.

The shop’s North American operations saw modest growth last year—in the mid-single digits, they’ll allow—seeing “a couple of big wins” plus along with strong growth from their speakers bureau business and relocating their Satrix specialty unit across the Hudson River to New York.

“Last year was a particularly strong year for the work,” says co-CEO for the Americas Rob Rogers. Owing to client confidentiality agreements, he can’t say *which* work, exactly, but the shop is doing a lot of work in oncology and rheumatology, and recent

creative includes a strikingly retro-looking “Beast” ad for Remicade, one for Galderma’s plaque psoriasis drug Vecitcal and sales kits for Roche’s Tamiflu.

Orphan drugs are another area the firm has been growing into, having carved out a healthy niche there. “We’ve managed to develop a nice chunk of business based on these drugs, which treat really tiny numbers of patients—sometimes a few thousand,” says Rogers. “They’re a fascinating scientific challenge, and in some instances there are far more doctors than there are patients, and most doctors will never see a patient with the disease, but they need to know about it because in the instance that it does occur, it’s deadly.”

Headcount at the network’s New York headquarters has risen “a little” over the past year, says Rogers, adding that “it’s sort of a constant juggling act, maintaining decent margins but trying not to work people into the ground.”

Like many agencies, Sudler has done away with the standalone digital unit and implemented agency-wide digital training. All employees take an eight-week course to get up to speed on the digital essentials.

“One of the challenges of digital in the healthcare space is that it’s very uneven from client to client,” says Rogers. “Some are very adept and some are frankly not, and some have been through the whole iThing and decided they’re going back to reps and paper sales aids. The agency can’t afford to have that same unevenness because the gap between the traditional business and the digital business is big enough that a lot of people are going to fall into it. And so we had to raise standards across the whole group to make sure that even if they don’t become full-time digital practitioners, they know enough to be conversant in it.”

“Healthcare is a business that’s different enough that it has to find its own digital solutions,” Rogers adds. “Simply having digital expertise that’s working for Starbucks or Ford isn’t enough.”

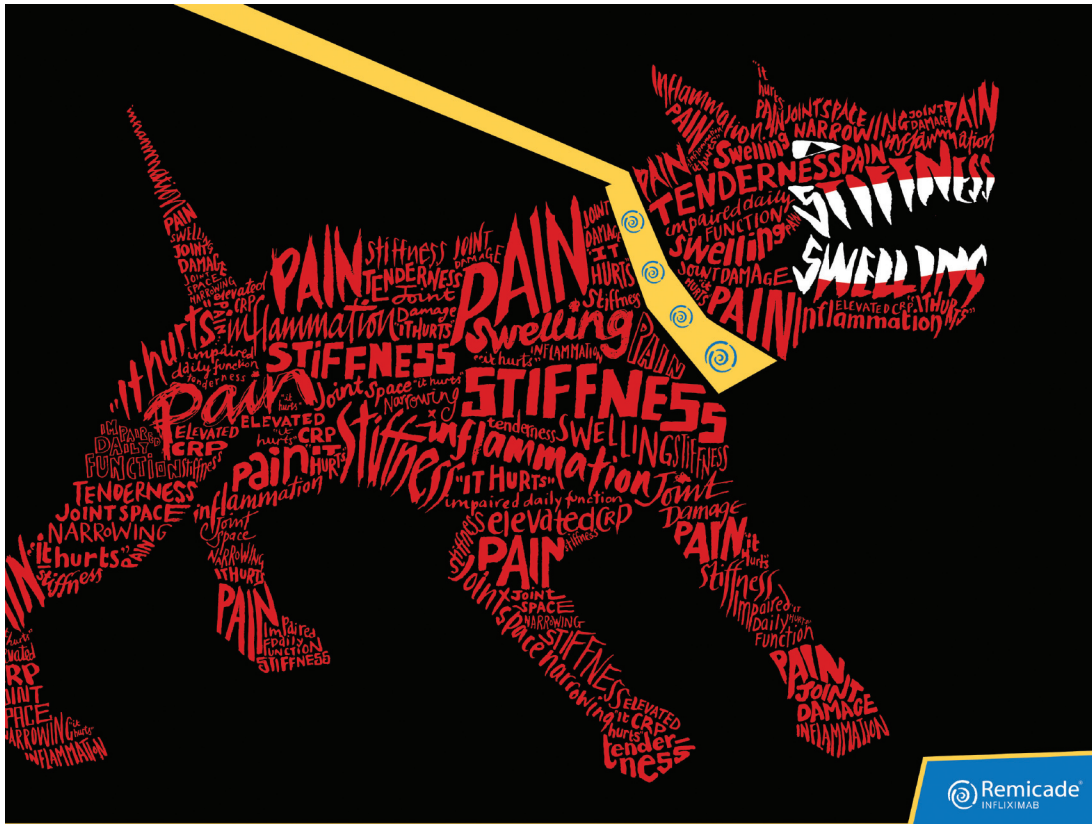
On the global front, the network expanded its Latin American operations out of Mexico with a shop in Brazil through a strategic partnership with Grupo Triunfo. The agency’s Japan operations saw their best year ever as they were able to “connect the dots” with some global assignments. China was also a bright spot, says Chairman/CEO Jed Beitler, as the agency grew by “leaps and bounds.”

The margins are small compared to the US or Europe, notes Beitler, “but if you think of how many million people-plus cities there are—one of our clients says there are 279—it goes way beyond the ability of sales forces and you’re looking at reaching people via electronic, contract sales and other alternative means.”

Eastern Europe is growing, but Western European markets have been putting pharma prices in a vise.

“The economy has taken everybody for a real loop,” says Beitler. “Germany, Italy and others have really put a squeeze on the industry in terms of not just formularies but cost as well, and that’s meant a big change in the way a lot of our offices have operated.”

The network’s office in Spain had to do 80–90 pitches last year—often on small projects. They won more



AT THE HELM

Clockwise from top left: Rob Rogers (Co-CEO, the Americas), Max Jackson (CEO, S&H EMEA & APAC), Louisa Holland (Co-CEO, the Americas), Jed Beitler (Chairman, CEO Worldwide)

PERFORMANCE

Saw modest growth last year—in the mid-single digits

Headcount has risen “a little”

HIGHLIGHTS

“A couple of big wins” for the shop’s North American operations

Agency carved out a healthy niche for itself in the orphan-drug sector

Expanded its Latin American operations, while the Japan operations saw their best year ever

Instituted an educational program in which all employees take an eight-week course in digital essentials

China branch grew by “leaps and bounds”

CHALLENGES

The squeeze on costs, as well as the overall global slowdown, are crimping growth

For contact details, service offerings and client roster, see Agency A-to-Z, beginning on page 181

than two-thirds of them, but it’s “a hard slog,” says Beitler. The company used to have service bureaus in 27 European markets but closed many of those when Pfizer shifted to a centralized production facility a few years ago. Other clients are taking a similar tack as they seek efficiencies anywhere they can find them. “Every market fights like hell on costs,” says Beitler.

The one silver lining of the crises in Europe and the US: the network’s access and managed markets



Opposite: A presentation for Genentech with information for people suffering from the flu. This page: Ads for Remicade (top) and Vectical

practice is in demand. Both Beitler and Rogers say network shops are working harder for the same Dollars, Euros and Yen than in the past.

“There’s a lot of work there,” quips Beitler. “There’s just not as much budget.” What’s more, many clients aren’t ready to follow through on the truly globally-integrated campaign.

“We’ve won a number of global assignments, and much as the clients have requested this integrated global approach, for which we have the footprint and

the resources,” says Rogers. “We’ll find out shortly that they’re not as aligned as we had hoped, and so the relationships tend to become very regionalized rather than global, and clients expect the agency to play the role of policeman.”

It is, by and large, the old story of the tension between company operations in the US—still the center of gravity for most firms—and their ex-US operations.

While many large pharmas are still behind the eight ball of patent expiries and pipeline doubt, Rogers says he’s seeing green shoots of optimism in the industry.

“Not evenly, obviously, as some companies are having a horrible time with their patent cliffs and a couple of the larger players have really not got much in the pipeline. But among the smaller companies, I think there’s a sense that the worst is past, even if we’re not quite out of the woods and we’re all hunched over waiting for the next whack on the back of the head.”

How does that apocryphal linguistic factoid beloved of motivational speakers go? The one about the Chinese word for “crisis” being a combination of the characters for “disaster” and “opportunity?” Sudler and Hennessey execs could tell you that’s not quite correct. They could probably also direct you to the opportunity in China.

“You have to be willing to be excited about the constantly shifting sands,” says Beitler, “and recognize that if you want to be a student of this industry, this is a good time to be in it. It’s about taking all the learnings you have but also being malleable enough to change and adapt, because that’s the way the world’s going these days.” — Matthew Arnold