

Ogilvy Healthworld

Agency snares second big consolidation in two years, retools for healthcare's future



“There are very significant structural changes going on in our industry right now”

—Donna Tuths

For Ogilvy Healthworld, the big story for 2010—and most likely for the next couple of years—is Bayer’s decision to consolidate all of its professional healthcare advertising. After the German drugmaker announced in February that it would split global advertising duties between Omnicom and WPP, Ogilvy Healthworld became the lead professional agency partner on the Bayer business for WPP.

Ogilvy Healthworld North America president Donna Tuths led the consolidation, which affects around 50 of Bayer’s healthcare brands, including all major global, regional and launch brands. The biggest of these is blockbuster birth control pill Yaz, whose global sales rose 5% to about \$1.5 billion last year.

“It’s a very substantial undertaking,” Tuths says of the on-boarding process, expected to take 24 months. The new client has demanded a huge time commitment on the part of all of the agency’s senior leadership. It’s the second time in as many years that Ogilvy has ended up on the positive side of a large consolidation.

The last time was in 2008, when Johnson & Johnson channeled its US advertising business for its prescrip-

tion drugs into IPP and WPP. Ogilvy gained a chunk of the CNS portfolio, a lot of the tablet PC development across brands, and an oncology product.

“There are some very significant structural changes going on in our industry right now,” observes Tuths, who added joint worldwide CEO to her title last year. “You have these periods of acquisition and mergers, and they get followed by a period of rationalization.”

Ogilvy wins of 2009 included a couple of Novartis brands—pilot work for MS and osteoarthritis products—plus a pair of early pipeline professional scientific assignments at Merck within the CV category. Tuths says 60% of her agency’s business comes from brands doing integrated consumer/professional campaigns.

Despite all the activity, the agency turned in a rather lackluster 2009 financial performance. “Last year was actually a pretty good year for us in terms of retaining and winning business, but it was still very much a flat year largely due to decrease in spend at our core clients,” says Tuths.

Some of that downward pressure can be traced to the recession and some to industry M&A. “A lot of these big mergers meant a lot of marketing programs went on hold while the guards were being changed,” Tuths says. A recovery started to form in Q4, when “it seemed like budgets and things were opening up.”

The agency’s key clients include GlaxoSmithKline, Bristol-Myers Squibb, Janssen-Cilag, Eli Lilly, Roche, Allergan, Sanctura, J&J, Takeda, Sanofi-Aventis, Roche Diagnostics and Smith & Nephew.

When clients like Bayer and J&J make holding-company level advertising decisions, it creates good problems for winning agencies. “With big consolidations, you have to be able to take on so much of the portfolio, so we have to create Team Client A, Team Client B,” says Tuths. “We are planning to move it around the building, putting in new systems and infrastructure to isolate them in different places.”

Above: Consumer ad for Ortho-McNeil’s Concerta for ADHD; Top left: Part of a corporate ad for Ogilvy

Good thing the agency moved into expanded quarters last year, taking over a former chocolate factory in Manhattan. “It’s a huge open space,” says Tuths. “No offices, period, and we look out to the river.”

She expects consolidations to increase as more pharmacies look to achieve consistency and efficiency on a global scale. In turn, the need for agencies to handle

conflicts will increase. Many of Ogilvy's accounts are getting so large that the notion of being able to work on one thing for one client "and not do anything that touches any of that for others" is becoming unrealistic, she says.

"Look at diabetes," says Tuths. "You have monitors, pills, insulin-related products. Look at all this crisscrossing—metabolic syndrome, weight control. I think that many of these therapeutic categories are becoming larger and more interconnected as the science continues to innovate, and it's becoming more difficult to be black and white on these things. It's incumbent upon agencies to be able to create an environment where they can isolate these different teams."

For now, she has been focused on retooling and honing talent for what she calls the new healthcare marketing future. As clients begin to invest for the future, "the biggest challenge has been continuing to build out our digital analytics, especially on the professional side,



Above: The brand.com website for Allergan's Sanctura XR, used to treat adults with overactive bladders

where so much transformation is occurring," says Tuths, summing up her charge as "gearing the organization to change to be where our clients are."

And where are clients targeting spend today? "It has definitely been less about consumer general awareness and much more about targeted offline/online consumer communications and multichannel physician communications," she observes. "So, we wanted to make that change and cut over very rapidly. That's where we focused on our hiring, training, our methodology and sought capital development."

In fact, the backbone of the recovery in the fourth quarter last year, as Tuths sees it, stemmed from clients investing in the future rather than just pouring everything into big marketing launches.

She cites the agency's Novartis work as a good example: "We are taking on new projects there [that] are about helping them to work out the future model for marketing to physicians and finding out what are complementary new technologies, approaches, data-driven platforms that can help complement their sales



AT THE HELM

Donna Tuths, president and joint worldwide CEO

PERFORMANCE

"Good year in terms of retaining and winning business," but a flat year due to decrease in spend from core clients

HIGHLIGHTS

Became lead professional agency partner on the Bayer business for WPP, following Bayer's agency consolidation

Won pilot work for MS and osteoarthritis products for Novartis

Helping Pfizer grow its tablet PC platform

Moved into larger office, a former chocolate factory in Manhattan

Key staff additions: Nami Choe, executive director of its metrics and analytics group; Dan Chichester, chief digital officer; and Pamela Rogers, executive group director for professional account services

CHALLENGES

Dealing with clients' still-tight budgets

Handling large portfolios

Building digital analytics, especially on the professional side

For contact details, service offerings and client roster, see Agency A-to-Z, beginning on page 171

force." For another, the agency's Pfizer team has been focused on helping grow the company's tablet PC platform. "A lot of those things, to me, are an indication of clients looking to the future, which is a good thing," says Tuths. "They are making investments."

With its digital legacy, rooted in the agency network's digital marketing and technology shop OgilvyInteractive, Ogilvy Healthworld has been able to guide customers to make measured progress in the space.

Part of its business involves becoming a tablet PC developer for other WPP agencies and possibly ex-



Above: Two ads from Smith & Nephew's campaign for alternatives to knee joint and hip replacements

WPP ones, as well. In the latter context, Tuths mentions in Ventiv Health's Blue Diesel as the prototype. "They are very much a gold standard," she says. "We have very much tried to model our capability on what they are doing, so that we really can take that on for others."

Many professional marketing agencies do not have a strong legacy on technology, interactive, mobile or the social media front, she continues: "Some of them still think of themselves as content shops, especially those that have a very heavy med ed presence. Where we are focusing is bringing a lot of capabilities in CRM, digital, social marketing to the professional healthcare-marketing arena."

Ogilvy promoted Nami Choe to executive director of its metrics and analytics group. It brought on a chief digital officer, Dan Chichester, last year. Pamela Rogers was hired as executive group director for professional account services, taking over the J&J relationship.

The metrics/analytics and digital teams are where she foresees expansion. Says Tuths: "That's definitely where the money is moving to." — Marc Iskowit