

Digitas Health

Mid-teen growth crowns a year of diversification and global expansion

“Good agencies tinker all the time. They don’t hold onto sacred cows. They just keep moving”

—David Kramer

Digitas Health CEO David Kramer describes 2010 as a year of transformation—for both the industry and the agency. He and his leadership team have made a conscious and concerted effort to diversify the agency’s roster, expand its global footprint and help healthcare clients navigate industry transitions and challenges, including shrinking pipelines, generic competition, shifting sales models and ongoing margin and revenue pressure.

Strong organic expansion from a base of 10 to 12 clients fueled growth rates close to 50% in 2007, 2008 and 2009, and pushed revenue close to \$100 million. Expanding and diversifying the roster was a 2010 priority, and Kramer says it more than doubled to 25 clients. Business expanded with big pharma, midsize pharma and biotech clients, including GlaxoSmithKline, UCB, Novo Nordisk Global, Amgen and Sanofi. Though 2010 growth slowed to somewhere “mid-teens,” revenue topped \$100 million.

“We see our role as helping our clients change,” Kramer says. “Fundamentally the industry is driving for efficiencies in ways that it never has before.”

Clients’ need for efficiency has resulted in the agency shifting production off-shore in many cases, and Kramer notes being housed in the Publicis Groupe is a great advantage. Clients’ need for efficiency has also increased their need for proof that programs are delivering, says Michael du Toit, EVP, marketing and client service. Pulling best in class examples from Digitas’ general consumer clients, such as GM and American Express, has helped prove points to healthcare clients, he adds.

Helping clients change their thinking about how to reach customers is also driving efficiency. EVP, chief creative officer Alexandra von Plato sees dynamics of the “post-blockbuster era” and the “post-digital era” converging. Consequently, the need for a different approach has arisen. Focus in the post-digital era, von Plato says, is on creating strategy based on how customers gather information, form opinions and make decisions.

“I don’t think doctors, nurses, consumers, patients and caregivers are really thinking about one channel versus the other,” she explains. “They’re just looking for ways to get informed and make decisions. We’re following and take a very people-centric approach, which is not so much digitally centric. [We seek] to deeply understand how people are making decisions today and what their media habits are—that’s becoming more and more central to everything that we do in the post-digital world. Integration of medical intel marketing has become a key feature. We’re integrating around the customer more than around the channel.

“We believe marketers have to know what customers’ needs are and make those needs central to their



Above: A YouTube channel and consumer site for MedImmune’s FluMist “Pick Your Nose” campaign

communication strategies,” von Plato continues. “More and more clients are embracing this idea of marketing moving from selling features and benefits to helping people make more informed confident decisions. We’re very deliberate when we talk to each other about our role in the industry as the lead agency for the new era of healthcare marketing. All the things we build and design and redesign are in pursuit of helping clients be successful in what we believe is nothing less than a new era and a transforming industry.”

SVP, media Matt McNally adds that the agency is helping clients “think like publishers” in terms of distributing content, and it’s also using technology to identify and fill gaps in content that customers want.



AT THE HELM

Michael du Toit, EVP; David Kramer, CEO; Alexandra von Plato, EVP, chief creative officer; Len Dolce, SVP, finance; and Michael Golub, chief medical officer

PERFORMANCE

Mid-teen growth, revenue \$100 million-plus

HIGHLIGHTS

Expanded roster from 12 to 25 clients

Diversified client base with wins in big and mid-size pharma, and biotech; including GSK, UCB, Novo Nordisk Global, Amgen and Sanofi

Added AOR assignments from Pfizer, AstraZeneca, Bristol-Myers Squibb and Novo Nordisk

Work on HCP mobile is outpacing patient side

Headcount has grown to “mid-600s,” including 40 in the London office (which opened in 2009)

CHALLENGES

Helping clients to navigate some of the transitions in the industry

Hiring good talent

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

According to du Toit, AOR assignments (full-brand steward roles, not just digital AOR roles) nearly doubled, and they’ve come in from big companies such as Pfizer, AstraZeneca, BMS and Novo Nordisk. “That’s very encouraging because we feel clients are recognizing and embracing the customer-centric approach that we’ve been preaching for a while,” he adds.

Kramer notes clients are “beginning to realize that we are no longer an audience of millions, but millions of audiences,” and they’re more willing to explore technology and new solutions.

Sales model changes are one of the biggest trends he’s seen over the last year. The agency has been helping clients both transform sales models and develop content.

Of course, mobile is huge, and work on the health-care professional side is outpacing patient side work at the moment. The idea, Kramer says, is to really understand how HCPs are engaging on the mobile platform and to create unique solutions that are driven by that insight.

“We’re helping clients get a much more contemporary approach to talking to doctors now,” von Plato adds. “We think the sales model transformation story is the centerpiece of that, but we also believe there are opportunities to go out beyond that.”

In other trends, Kramer notes clients are looking at global deployment of technology and global deployment of ways of procuring information. He expects this to accelerate.

Going forward, du Toit believes every agency will by definition become “digital.”

“We don’t see our competition as traditional any more because they all have some sort of a digital component,” he explains. “We expect to compete with them. We feel we got to the middle first—the middle was AOR, brand ownership. We could more readily get there because we had more people that could do TV and print and everything. Traditional agencies had to build a whole new digital component to it then integrate it. That’s very, very tough.”

Kramer notes it’s always challenging to find good talent. The agency recruits with both nontraditional and traditional backgrounds.

Right: Maroon 5 lead singer, Adam Levine, raises awareness among young adults about ADHD through a national education campaign called “Own It” that launched in June 2011. The campaign, supported by two patient advocacy groups and made possible by Shire, aims to motivate ADHD sufferers to take charge of their health



Above: A consumer website for Zimmer, the creator of personalized joint replacement technologies

“We’re looking for intellectual curiosity,” von Plato says. “We’re looking for people who are very much enamored with and in touch with new media and the way media is shaping people’s perceptions, attitudes and behaviors.”

Headcount across all offices (Philadelphia, New York, Boston, and London) has grown to somewhere in the “mid-600s,” according to Kramer. The London office, which opened in 2009, has about 40 people. Kramer says one person is helping in Paris, and there are 30 to 40 people in China working mainly on production.

Kramer expects more industry changes ahead, and he notes they’ve become more unpredictable.

“Changes in the industry used to be more projectable—they happened at predictable times,” he explains. “There was always the June update. There was always extra money in the fourth quarter. Now, I feel all bets are off. Things are moving very quickly. Pharma companies make quick decisions. These decisions aren’t following any particular standard or predictable pattern. You just have to be nimble and agile. It’s not easy. You look at what’s in front of you. You look at the work. You look at what they expect. You look at the margins for what you are trying to do, and you’re constantly tinkering. Good agencies tinker all the time. They don’t hold onto sacred cows. They just keep moving.” —James Chase and Tanya Lewis

