

Ogilvy CommonHealth Worldwide

Megamerger produces few shockwaves in transition to become global powerhouse

“The fact that we are winning more than we’re losing and growing as opposed to shrinking...is the best news”

—Matt Giegerich

Matt Giegerich, chairman and CEO of Ogilvy CommonHealth Worldwide, and his three managing partners, Dave Chapman, Marc Weiner and Michael Parisi, have just returned from London, where they attended the agency’s first global leadership conference—and they are buzzing.

“It was fantastic,” says Chapman. “There were people there I’d been e-mailing for six years and I finally got to meet them. The amount of connectivity and opportunity that came out of that first face-to-face meeting is keeping me busy.” The theme of the event, which brought together 39 of the organization’s global leaders, was “change.” Given the events of the past 12 months, it could hardly have focused on anything else.

In June of last year, WPP siblings CommonHealth and Ogilvy Healthworld announced a merger that, despite its magnitude, sent relatively few shockwaves through the industry, simply because it made so much sense. CommonHealth already had a large healthcare footprint in the US, with the multiple skillsets to boot, and Ogilvy represented a gateway to the rest of the

globe. The two had always shared great synergy and had collaborated for many years before tying the knot. The global headcount of the combined entity exceeds 1,500. Make no mistake, this was a marriage of the utmost convenience, based on a shared objective for maximum growth. The world is their roster.

Of course, no matter how well the two former agencies knew each other before, a merger of this magnitude always takes time to complete. “It’s been a multidimensional tale,” says Giegerich, involving recasting the New York office under [Parisi’s] leadership, integrating the two companies and finally merging the cultures across the global community, which is where the leadership conference comes in.

“Miles Young, the CEO of Ogilvy Worldwide, gave me a consulting paper that said the number one reason mergers fail is because the companies become inwardly focused as opposed to outwardly focused,” Giegerich adds. “I had that pinned to my wall for the first six months of this. I kept reminding everybody that the game is out there, not in here.”

Weiner describes the integration process as “a remarkably smooth transition so far. Beyond the kind of cosmetic changes—logos going away and new ones

RESEARCH REVEALS...

IN PROSTATE CANCER, TUMORS PRODUCE ANDROGEN TO FUEL THEIR OWN GROWTH¹⁻⁴

Other pathways can contribute to prostate cancer promotion.⁵

References: 1. Montgomery RB, Montague EA, Hsieh H, et al. Maintenance of intratumoral androgen in prostate cancer: a mechanism for androgen-independent growth. *Cancer Res*. 2004;64(11):3037-3044. 2. Cline JH, Davis ES, Lahn M, et al. Androgen levels correlate to intratumoral de novo androgen synthesis in prostate cancer. *Cancer Res*. 2003;63(24):8400-8407. 3. Srinivasan M, Bailey GJ, Ross K, et al. Increased expression of genes converting androgen precursors to testosterone in androgen-independent prostate cancer. *Cancer Res*. 2004;64(24):6938-6944. 4. Tsai MH, Smith HJ, Li P, Cline JH, Montague EA. Testosterone and dihydrotestosterone levels in recurrent prostate cancer. *Chin Cancer Res*. 2005;11(1):485-487. 5. Pienta KJ, Drake D. Mechanisms underlying the development of androgen-independent prostate cancer. *Chin Cancer Res*. 2005;11(1):168-175.

Centocor Ortho Biotech Inc.

Above: A disease state awareness ad, from Centocor Ortho Biotech, for prostate cancer tumor growth

appearing—we’ve made some subjective changes in terms of a common vision and getting the employees to understand the tools and techniques that each of us brought to the table.”

No one has been more delighted about the merger than Chapman: “This was a dream come true,” he says. “Michael and I have been working really hard to globalize the company for a number of years. We did this on the strength of business opportunities and

on delivering for our friends and partners.”

Parisi says that he realized while working and partnering with Ogilvy offices around the world, how similar the culture of the two companies was. “It almost, retrospectively, looked like we were one company anyway,” he says. “I wouldn’t say we’re spending a ton of time on the culture and changing. It hasn’t really distracted our outwardly focused view at all.”



Above: A corporate ad for Merck touting its programs and vaccines to prevent serious childhood diseases

The integration is now around 75% complete, according to Giegerich. “Most of the more complicated stuff has been taken care of. What remains is kind of the nuisance stuff.”

So far, so good. But how is the new entity performing? “It’s looking like it’s going to be a good year,” says Giegerich, noting that combined revenues this year are ahead of the sum of the individual revenues at the same point last year. “Europe is still in a recovery phase. North America, we look good. Canada is probably flattish. Asia, Australia, and especially Korea, are solid. Brazil is solid too.” There is an audible excitement in his voice as he reads out the list. It’s been a long wait.

Giegerich attributes the majority of new business to OCHWW’s existing client base, which, globally, includes every top 20 pharma company. “The fact that we are winning more than we’re losing and growing as opposed to shrinking in a consolidating environment is probably the best news of the year,” he continues. “We’re very proud of our evolution along the way. We’ve been really strong over these last years in building out digital competencies in every area, redefining medical education, and building a managed care payer marketing business. And bringing in completely new



AT THE HELM

Matt Giegerich, chairman and CEO

PERFORMANCE

Combined revenues for 2011 are ahead of last year’s individual numbers

HIGHLIGHTS

Announcing the merger and getting the new organization together

Wins across a huge number of clients, disciplines and geographies in a contracting environment

Recognition as the only agency with strength in every required discipline during GSK’s consolidation process

CHALLENGES

Tying up the “nuisance” ends of the merger

Navigating healthcare reform

The patent cliff

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

lines of activity, such as insights and analytics.”

Client reaction to the merger has been encouraging, too. “The first order of business was me literally getting on the phone with every one of our top clients and telling them personally about it,” says Giegerich. “The response I got firsthand was that it was a very smart move. Everybody got very clearly that there would be an immediate change and that we would immediately become a global network with presence in all the major markets. Everybody saw that as a very important move. Then as people got to know the Ogilvy brand and what it brings, with all the resources, case studies, client’s expertise, media, technology, digital lab experience that we can bring to their business, they saw it was even better. So, it’s been really positive. There has never been in one year a single negative response as far as I know.”

Chapman experienced a similar reaction from clients. “There were lots of fans of Ogilvy and Ogilvy Healthworld already out there, and there were lots of fans of CommonHealth that were already out there,” he says. “I can’t tell you any place I’ve been where anyone hasn’t told me: ‘Wow, that was the smartest move I’ve seen in years. Because of that I think



Above: An ad for Allergan’s Lap-Band Adjustable Gastric System, an alternative to gastric bypass surgery

we have been able to generate a great deal of more opportunities with clients that we both already had. We are definitely working with clients that neither of us had before.”

Parisi says that, ideally, he is looking for clients with courage and that are willing to take a chance. “I want clients that are tired of talking about the business changing and are ready to change the way they do business.”



AT THE HELM

David Chapman,
managing partner

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AT THE HELM

Marc Weiner,
managing partner

"Right now the clients are really well up to speed in all of the new technologies. They are challenging the entire industry to get better technology."



AT THE HELM

Michael Parisi,
managing partner

"Every industry is regulated. The auto industry, technology, oil, gas ... You figure out a way to be effective and still be creative and move the bar and be successful"

He says he is starting to see a much greater willingness among clients to take risks. "My background is biotech, which has always been about more risk and higher rewards—taking greater risk with the potential for greater benefit. I think even general pharma is getting more aggressive now and it's really encouraging to see." After all, he says, "every industry is regulated: The auto industry. The technology industry. The oil and gas industries. You figure out a way to be effective and still be creative and move the bar and be successful."

Weiner sees a major shift in clients' willingness to embrace new technology, too. "It wasn't that long ago that we were bringing some really good thinking to our clients and not being challenged," he says. "Right now the clients are really well up to speed in all of the new technologies. They are challenging the entire industry to get better. Our clients are very smart and savvy in the digital marketplace at this point."

The other side of the coin, he notes is a greater focus on return on investment. "We have become a much more rigorous marketing machine. Digital is, by its nature, quantifiable and every day you have to prove the dollars and cents of it all."

Like many other healthcare agencies, OCHWW is conscious of the need to diversify its client base, although Giegerich notes that the majority of this new business to date has come, not so much from proactive pitching, but from opportunities that have presented themselves.

"We're diversifying into more devices, diagnostics, implantable technology, health service providers, distribution networks, ophthalmics and over-the-counter products," he says. "So, we're diversifying out of necessity, but it's where the marketplace opportunities are growing. They are growing outside of the Rx environment."

Giegerich notes there have been significant changes in the commercial model in a short space of time. "If you go back just three years, at every one of these

large top 20 biopharmaceutical clients, the model was broken," he says. "We needed a new commercial model. Many of them developed centers of innovation and had people with that responsibility. A lot of them reached outside of pharma and brought on people from consumer packaged goods and other technology clients to lead the charge. Now three years later, you're looking at organizations that are pretty adept at system-wide integration, brand-oriented technology, alternatives to sales representatives, online service portals, multichannel marketing coordinated with a backend of data and analytics. I mean there's a much more sophisticated marketing environment that has emerged. It is partly out of necessity and partly of a quest for ROI."

Chapman believes agencies must get up to speed with digital in order to compete in a world of more specialized medicines. "Everybody has recognized that it is a time-shifted liquid medium world that we live all in," he explains. "You watch TiVo when you want to. You listen to FM radio wherever you are. That has to be the same in how we are going to capture and communicate with our healthcare provider audiences, so digital—and how innovative you are with it—is going to be really important. Unless you really have a true understanding of the healthcare equation, the dynamics, the value of opposition that needs to be in it defines that you can talk about it. If you don't have that blood and heritage, it's going to be very hard to kind of bring yourself up into a pharma company and say I'm the one who should be doing this for you."

"Where you're doing Claritin, you're doing allergy," Chapman continues. "You have 40 million sufferers and you can do a whole bunch of stuff. But when you're talking about something that's going to be for Gaucher's disease, it's just as important. It's just as difficult to explain the science, but you have to do it in a completely different manner. That manner is going to require a great deal of digital structure and output to it." —James Chase

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Left: A professional aide for OTC Advil, from Pfizer, that is serving as a "switch" ad for the long-time pain reliever. The ad mentions the website which contains free offers and discounts on the product as well as information about recalls of other OTC pain meds (not Advil) and tips on cleaning out your medicine cabinet