

Ogilvy CommonHealth Worldwide

Megamerger makes few shockwaves in transition to become global powerhouse



“It’s been about as positive as I think anybody could have expected”

—Matt Giegerich

One of the campaigns prominently displayed in the lobby at 636 11th Avenue—aka The Chocolate Factory—is not like the others. That’s because its client is not a household consumer brand but a pharmaceutical company.

Matt Giegerich, chairman and CEO of Ogilvy CommonHealth Worldwide (OCHWW), and his managing partners Dave Chapman, Marc Weiner and Mike Parisi, are almost certain that it’s the first piece of health creative to have made it onto the hallowed elevator televisions at Ogilvy’s New York office. But there’s little doubt that Bristol-Myers Squibb’s groundbreaking digital initiative—which deploys a near-genius mix of web, mobile, gamification, Facebook, Google Street View and NFL’s Bill Cowher to raise awareness of melanoma—is a golden ticket item for OCHWW and deserves its turn in the spotlight. “It’s become David Ogilvy worthy, and I doubt it was ever thought of that way before,” says Chapman.

But wait a minute, isn’t OCHWW a bunch of nice guys making journal ads in New Jersey?

All joking aside, it wasn’t so long ago that the scout-

ing report on CommonHealth might have concluded something along those lines. But the melanoma work is a benchmark of the pace of change in this industry in the past few years. OCHWW, it seems, did not miss the bus.

It’s now been two years since WPP siblings CommonHealth and Ogilvy Healthworld announced one of the most sense-making mergers in the history of agency consolidation: CommonHealth had a large US footprint and Ogilvy represented a gateway to the rest of the globe. So how are things panning out?

“It’s been about as positive as I think anybody could have expected,” says Giegerich. “I think we went into it optimistically and enthusiastically, but also a little awkwardly, because it’s a merging of two entities, two cultures, two histories, multiple leaders, a lot of change, a lot of vision. Now these are our comrades.”

The leadership team has just attended the second annual global meeting, featuring leaders from all 13 direct-reporting countries, and, according to Chapman, it was a big success. “Fantastic,” he says. “You know, the first year was a little tentative, but the second meeting was like old friends in a reunion, and a lot of things that happened in the course of the year I thought were just tremendously appreciated.”

It’s been far from plain sailing, however. In the past year, the global network delivered three surprises so nasty and unexpected that OCHWW did tremendously well to overcome them and post modest gains in revenue for 2011. (Note: OCHWW does not disclose financials.) “It could have been dramatically better,” laments Giegerich.

The first was the debt crisis in Spain, which resulted in a pharma meltdown, with the Spanish government owing the industry billions of dollars in unpaid bills. “It’s essentially nationalized medicine,” explains Giegerich, “and because of the debt situation they essentially curtailed the prescribing of branded prescription drugs in Spain and issued a generics-only mandate. That collapsed the pharma marketing industry.”

The second was another pharma meltdown, in France, following several deaths associated with a compound made by Servier. Pharmaceutical marketing essentially came to a halt, this time because of all the regulatory scrutiny, but with the same devastating effect.

The third was in Korea, where a thriving health research and med ed business collapsed after personal circumstances led to an abrupt change of leadership.

“By the time we got in there and figured out what was going on, the business had almost halved,” says Giegerich. “It goes to show you how fragile the business really is and that things like a drug scandal, a single drug scandal can actually devastate a marketplace. In small markets, regulatory, economy, personality, client relationships—all those things are tension points that can snap at any point.”

Then again, it speaks to the diversity of OCHWW’s business that it didn’t sink, but was able to have a decent year; 70-plus new agency-of-record assignments in 2011 no doubt helped to soothe the blow.

2012 is looking good, too. To date, OCHWW has won



AT THE HELM

Matt Giegerich, chairman and CEO

PERFORMANCE

Overcame some big surprises on the global front to post modest revenue gains in 2011

HIGHLIGHTS

Got major attention for Bristol-Myers Squibb's groundbreaking digital initiative to raise awareness of melanoma

Racked up 70-plus new agency-of-record assignments last year

Won 24 out of 41 pitches so far in 2012, with significant gains in vaccines, medical devices, animal health and payer marketing

Merger has allowed a greater consolidation of global opportunities for the firm

Success of digital work encourages agency to actively pursue more opportunities in that area

CHALLENGES

International situation (Spain's debt crisis, France's pharma meltdown, and a business collapse in Korea) proves challenging

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

Don't wait until allergies are written all over his face. Recommend ZYRTEC® right from the start of symptoms.*

ZYRTEC®
Cetirizine HCl

*ZYRTEC® Allergy relieves sneezing, runny nose, itchy, watery eyes, and itchy nose or throat.

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This ad for Zyrtec makes its point about the effect of seasonal allergies with striking visual wit

24 out of 41 pitches (59%) and is awaiting a decision on a further 19 opportunities. The most significant wins have been in vaccines, medical devices, animal health, payer marketing, metabolic disease, respiratory disease, Alzheimer's disease, urology and blood disorders.

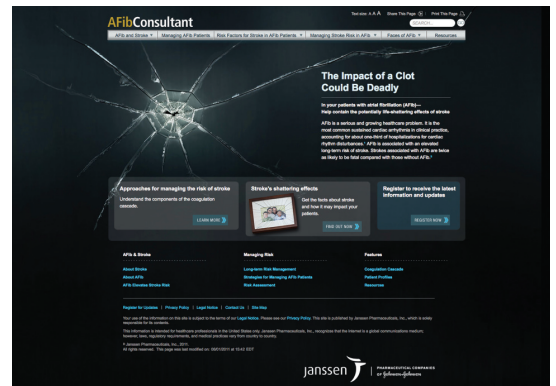
"What we're seeing now is a lot of our clients want one global network," says Weiner, "so we are actually enjoying a whole lot of recent pitches."

Parisi points out that every client has their own view of global, however. "Flexibility is key because there's not one approach," he says. "Every client is different and pharma companies are changing faster over the last few years than they've changed over the (previous) 15 years. So our clients are actually taking notice of globalization, the importance of doing well in all markets and how that rolls up to your overall corporate approach."

Parisi feels pharma companies are starting to look outside of their industry for inspiration and direction. "A lot of companies are finally listening and saying, 'Hey, what did the oil companies do, or what did the technology companies do, and how we can adapt?'"

Giegerich says the key to maximizing global opportunities is to have the most important markets manned and staffed. "Rolling up in a reporting relationship is really the key," he says. "It's been a huge, huge gain for us because the industry is consolidating and thinking more globally. Procurement is looking to strike more effective, efficient deals. Two years ago, if we were still CommonHealth, we'd be saying: 'Well, we can partner

with part of WPP and we can do this together.' It's nowhere near as important as saying, 'I can put the people in the room in every region in every market that's important to you.' And these people all roll up under us and we can strike a singular contract that has teeth in every market."



Web work from Ogilvy for the Jed Foundation (opposite page) and Janssen (above)

Parisi says that before the merger, global coverage was all about dots on a map. "It was showing that you had local presence because that's what our clients were asking for," he explains. "But we'll sacrifice some of those dots on a map for deeper connectivity and better integration. And it's very, very different. Even our clients are saying, 'Look we don't need all that, we

need strong connective 360-integration points.’ And it’s a huge difference that we all know our clients, we work really closely together.”

OCHWW may know its clients well, but how well does it know itself? Who is OCHWW?

Giegerich admits this question posed a lot of problems at the first global meeting in London in 2011. “We’re CommonHealth plus Healthworld, we used to be this and now we’re this,” he says. “What do we stand for? What makes us different and better than our competition? Basically we couldn’t answer that.”

The agency knew it was important but didn’t have the time to figure it out, so Giegerich turned to the Fusion planning process, an Ogilvy proprietary tool for multi-channel planning. “It’s complicated but brilliant,” he says. “We applied it to ourselves and said, ‘Okay, so let’s see who we are and who we think we are.’”

The first part goes like this. “We’re the health behavior experts of Ogilvy. We believe this is our big ideal. We believe the world would be a better place if we could bring out the inner greatness in biopharmaceutical and health-oriented brands, organizations and their people.”

OCHWW is seeing more and more clients moving “beyond the pill” and focusing on services and health initiatives surrounding treatments and conditions, which Giegerich sees as a hugely encouraging sign. “The truth is, there are fewer clients marketing fewer brands with fewer dollars in total,” he says. “Those are the facts on the client side. There are many who would say, ‘Well, the agency business is going to dry up or shrink,’ but because what we do and can provide is more expansive, the opportunity for the good agency is actually bigger. Providing full end-to-end service and support—not just communication and kind of sales rep promotion, but wrapping the brand with all that it needs to become effective in changing the health behavior—that’s a great job and it’s a big job and it’s a motivating job.”

Having said that, OCHWW’s traditional advertising and sales force promotion is performing better than flat, but Giegerich insists this is only because the number of clients is increasing. “Smaller budgets, faster turn-around times, a lot more constraints... it’s no longer three call cycles and all the materials that go with it,” he says. “It’s [now a case of] get the product ready for launch, establish the core equities and then activity can drop like a stone... While that’s happening, we have accounts where our job is building their digital

footprint across their whole portfolio and wire-framing every aspect of the digital engagement.”

No prizes for guessing which of the above Giegerich prefers.

Perhaps surprisingly, Chapman notes that, in terms of digital deployments, Med Ed is currently one of the agency’s most sophisticated groups and he sees potential opportunities in non-biased education. “There has been a vacuum of industry-sponsored CME, which is being replaced by the industry funding its own R&D clinical medical affairs group [for] non-biased education,” he explains. “Servicing those groups is an area that I think has been in development, and we’re pushing as hard as we can to do it the right way and see what there is in that.”

Weiner is keen for the agency to do more sophisticated digital work along the lines of the melanoma assignment for BMS. “We really wanted to be a leading edge kind of group,” he says. “Between New York, New Jersey and London, our hub groups, we have the right scale, we’ve got the right resources, we’ve got

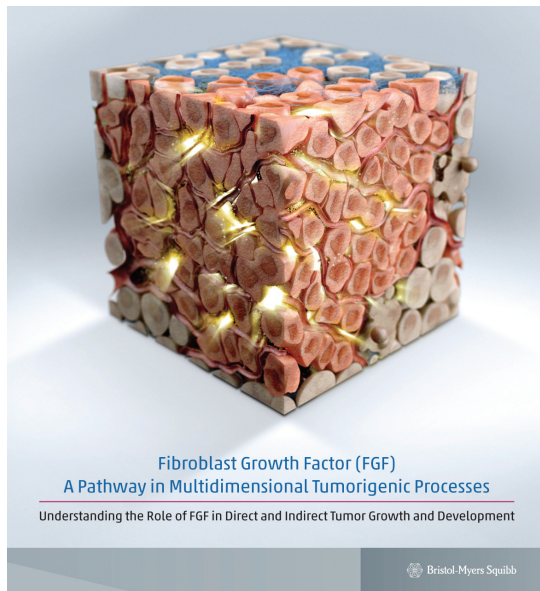
the brain power and we come up with this stuff. Nobody is doing this kind of stuff. We’re making a big commitment to SXSW and TEDMED next year; we’ll be bringing this kind of thinking to the masses, because we’ve been doing this for a long time and I don’t think we get enough credit for it.”

Another smart thing OCHWW does is make friends with the procurement guys.

“People demonized procurement as the enemy of agencies,” says Weiner. “But over the last year or more [our CFO] has been very proactive, going out to our client procurement folks, building relationships, building trust, having open dialogue. If they have problems that need solving and come to the table proactively and can solve them, it’s a really good relationship. They’re truly not the enemy.”

Giegerich agrees. “Procurement relationship is not like a functionary stamping of dollars,” he says. “It’s actually more relationship management. They’re helping us to solve problems, navigate the bureaucracy on their side and fix things before they become a problem.”

All of which is smart preparation for the battles ahead, as the industry continues its shakeout. “In the end, I still think we are in a share war. We’re trying to be faster at innovating and adapting and changing so that we get a bigger share of what will be a smaller pie of marketing dollars being spent.” —James Chase



Above: An informational piece for Bristol-Myers Squibb on Fibroblast Growth Factor



AT THE HELM

David Chapman, managing partner

“We have the right scale, we’ve got the right resources, we’ve got the brain power and we come up with stuff.”



AT THE HELM

Marc Weiner, managing partner

“People demonized procurement as the enemy of agencies.... [but it can be] a really good relationship. They’re truly not the enemy.”



AT THE HELM

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