

# Evolutionary road

**Agencies' responsibilities and roles have changed over the years and care must be taken to remunerate them for the talent and skills they bring**



**I have been working in the healthcare communications business for over 20 years, which means I've had a ringside seat to see the changes pharma has undergone and the way agencies' roles have been redefined.**

What surprises me is that, although these changes are unprecedented, clients tend to have a static view of us. We are the people providing the communications strategy and no more.

But what are the facts? Of course, our daily job still consists of finding and implementing the ideas that will help clients move forward, but the pressures affecting pharma have meant that we have had to adapt and develop new skills. The whole job description has changed, from the experience required to the working conditions to the salary.

## Experience required

Ten years ago, the role of an agency was simple. You had a single target, namely the doctors, and a simple means to approach them: press ads and drug reps.

That era is over. Now, medical visits are far from the panacea and are not used

as much as they were in the past. Today, agencies have to deal with a wide variety of targets, including doctors, chemists, patient associations, governments and, in some cases, patients. This means they need to provide clients with a full spectrum of effective marketing channels, including digital, retail and point-of-care. Finding the right mix of medical visits, press, online and traditional media to maximise the impact and ROI is now the challenge.

It is difficult to draw up a comprehensive list of the services we have had to develop over the last decade under new regulatory and economic pressures, but market access expertise and crisis management warrant particular mention.

These new services mean we need to work more closely with the client than ever before. The more we are associated with the overall strategy, the more effective the marketing and communications elements will be. Both the communications and marketing strategies are mutually dependent, which means pharma clients need

to develop proper dialogue between the marketing teams and the agency. Procurement people, even though they have a role to play, cannot act as the main interlocutor, especially considering that fewer than one in 10 of them has experience in marketing.

## Challenge

The communications strategy can also be used to challenge and test the marketing one. I can think of several examples in which testing the compatibility of the communications and marketing aspects allowed us to overcome problems inherent to the marketing plan and helped prevent the launch of disastrous marketing campaigns.

The added value we provide to the client stems from all these services: the traditional elements plus the guidance we now deliver on market access expertise and crisis management. Clients do not have this expertise in-house and do not have the necessary experience to deal with these issues. The difference lies in the fact that we can make use of hindsight we have gained over the years from the various clients with whom we have worked. We have had the opportunity to test a range of models and are now able to benchmark them and adapt them to the client's particular situation.

This demonstrates how reactive agencies have been and how they have found ways to help clients face new challenges. These challenges are real and are not only affect the way pharma markets its products, but also its core business model.

## Working conditions

Working for pharma in its golden age was nothing like the current situation. Big pharma's R&D model is broken and it is having trouble undergoing the shift from saving lives to improving the quality of life.

New products are the lifeblood of the industry and the pressure on pharmaceutical companies to achieve

high performance and deliver new products has never been greater.

This new scenario should not undermine the incredible progress pharma is achieving. Just consider HIV patients' life expectancy: it has tripled over the last 10 years and they can now be treated with one daily pill.

A once-a-day drug for compliance alone represents an improvement. Side effects can be eliminated by a second generation drug. So, now you can both improve compliance and get rid of side effects. Sometimes, potency can be increased over that of the original drug, achieving a better level of therapy than the first product in the field. So, there are good reasons to try to improve existing drugs.

However, improving patients' wellbeing is proving extremely expensive and governments are not willing to bear the costs. In some cases, new molecules are so expensive that they are not developed further, which means potential new drugs are left sitting on shelves. PhRMA statistics show that it costs \$800m to develop one new medicine, but only three out of 10 approved medicines generate sales in excess of development costs.

## Balance

The difficulty is finding the right balance between encouraging research and sharing the costs among pharma, patients and governments.

In some cases, pharma shoots itself in the foot. For example, it may not be wise to develop treatments that produce better results for a very restricted and specific group of patients. The development costs are so huge and the reimbursement price so low that the ROI can only be negative.

"Again we have had to adapt and support pharma in this new arena"

Of course, it is not our role to do pharma's job, but again we have had to adapt and support pharma in this new arena. We have helped our clients manage costs and have developed new strategies to work with lower budgets. For example, in recent years, lifecycle management has become increasingly important to ensure that companies reap

maximum return on each molecule.

Communicating with smaller budgets and capitalising on existing portfolios help clients and using our networks allows us to offer our clients the best solutions. There are about 70 countries involved in drug development and through our connections we test the ground there and develop hundreds of solutions. Only three or four will turn out to be groundbreaking, but clients gain greatly from dealing with a network agency which can benchmark all its agencies' ideas and go back to the client with the best.

These examples of the new role of the agency demonstrate how we must be team players, a component of a larger, interrelated solution to healthcare challenges and disease management.

What we are good at is understanding how patients behave, what their attitudes and needs are, how they approach their conditions and what it takes for these individuals to change their behaviour.

The logical conclusion is that clients are getting ever more value out of their agencies and therefore they should be paying us more! I know procurement people tend to have a slightly different view on this, but let me explain.

There are 36 different remuneration models, but none that represents 'best practice'. Obviously, agencies were happy with the budget-based commission model, but it is easy to see why clients were less happy with it, knowing that, in some cases, they paid agencies commission in the years following product launch which was not consistent with the work done.

Now, the trend is towards fee-based models. The fees are agreed in advance to cover a period of activity, a team is set up according to the client's needs and the schedule of people's hours translated into a total cost to the client.

## Cost control

Clients like this system because it helps them control their budgets and plan everything in advance. But does this model bring out the best in our teams? Does it take into account the real added value an agency brings? If an agency's value is not crucial, why not work with a temp agency?

I agree with Tim Williams and Ronald J Baker on this, who think that the current cost-based compensation model is flawed because it misaligns the economic incentives on each side. The client pays whether the agency adds value or not and the agency is paid a

fixed amount regardless of the value it creates. The existing compensation model focuses entirely on the wrong things: efforts, activities and costs. It does this at the expense of the right things: outputs, results and value.

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Therefore, we should mix both approaches. I understand the client's request to have a resource package fee, but the qualities of magic and logic that agencies bring must be acknowledged and this can only be achieved through a value-based model. Obviously the way value is assessed is subjective and there is never going to be one best model, but agencies simply cannot be remunerated regardless of the quality of the output or the end benefit to the client organisation.

## The way forward

There is one last, crucial, issue I want to address. Unfortunately, agencies are increasingly victims of idea theft. This is not a myth; it happens. Clients tend to 'borrow' ideas that were proposed during pitches and pass them off as their own to their hierarchy without paying for them. Realistically, theft of ideas is difficult to combat, so it comes down to a matter of trust and honesty.

The fact that clients abuse the trust agencies put in them when pitching is unacceptable. Agencies need to be fairly rewarded for their effort and creativity.

The positive side of this is that it demonstrates that agencies' ideas arouse keen interest and the temptation to take them over!

This issue must be solved and will improve both the agency-client partnership and the health communications business in general. I hope I have clearly demonstrated that agencies do not only generate ideas but now offer clients more strategic advice. We must develop a healthy working relationship to enable both sides to thrive.

## The Author

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