

## **Pharmaceutical Industry Media Production Alive and Very Well**

On March 21, 2007, the Northern New Jersey Chapter of the *Media Communications Association – International* sponsored a panel discussion with the media department managers from Bristol-Myers Squibb, Novartis Pharmaceuticals and Ortho McNeil Pharmaceuticals. The primary emphasis and experience of all three managers was in video production, though all were also involved in or expanding into trade show and sales conference support. Here is what they had to say about the current and future of video and media production in this major industry segment.

### **Mark Lillo, Manager, Communications Services, Novartis Pharmaceuticals Corporation, East Hanover, NJ**

The 1996 merger of Sandoz and Ciba Geigy triggered a major reduction and refocus of media services at Novartis, with the Ciba Geigy emphasis on photography and meetings taking precedence over the video operations at Sandoz.

In 1998, along with other changes in management, the entire in-house media staff was let go and the company moved to total reliance on outside production companies and agencies for their marketing communications. With the arrival of a new CEO (formerly with J&J), the media organization was brought back to life with a \$500,000 investment and Mark Lillo was appointed Manager. He was, and remains, the only full time employee in the operation, relying on 4 full time contractors and freelancers brought in on a per project basis. His responsibilities were recently expanded from Video to all Communication Services reflecting his move into different communications areas and the general increasing demand for media in the company.

Last year he was given \$150,000 capital investment budget and told to do something with it. He used it to buy two Final Cut Pro editing systems which successfully reduced outside production costs. Most editing is now done in-house using contract and freelance staff.

Mike's organization is responsible for internal communications for the U.S. only. Corporate communications is the responsibility of a corporate group in Basel Switzerland.

He says it's all about building relationships. Pick up the phone and say "Yes", but, as the work load is increasing, he's becoming more and more inclined to say "No" though with caution.

### **Mary Beth Erickson, Studio Manager, BMS Films, Bristol-Myers Squibb Corporation, Plainsboro, NJ**

The company has studios in Plainsboro (large enough for four simultaneous sets, a smaller one in Lawrenceville and a small insert stage in New York. The latter ordered by a former CEO who used it for simple communications. They have remote equipment and 8 editing suites and a staff of 15, having added 12 in the past year with three current staff openings. A significant number of freelancers are used on a regular basis. Very often BMS Films will have six or more projects in production on any given day.

Mary Beth has been with the company for three and a half years and they have tripled production every year since, having done 585 projects in 2006. Per project production costs range from \$1,000 up to \$300,000. When she came on full time, there were two people on staff. We note that at that time, the company had gone through some severe financial problems and, in fact, had offered itself for sale, but was unable to find a buyer.

BMS Films has developed a matrix that allows them to compare the costs of doing work internally with that of using outside production companies or agencies. This was developed through rate sheet comparisons and was validated by Ernst and Young. Using this matrix, BMS Films is able to report cost savings to management and their clients on a regular basis. These savings are typically in multi-million dollar ranges and they report having saved \$3,000 as of the March date of this meeting in 2007. Mary Beth believes their very existence depends on the cost savings they can prove. Their comparisons have shown their costs as being 50% less than outside. In addition to communications and sales training programs, BMS Films does post production for broadcast and radio commercials.

They do not bill back for facilities and it is unclear whether staff time is billable or how these costs are accounted for in the overall comparative calculations. However, in part because of the demonstrable savings, they recently received a budget of over \$600,000 to invest in facilities in order to better compete with outside services.

**Andrew Cordery, Video Project Manager, Multimedia Services Division, Ortho McNeil Pharmaceuticals, Raritan, NJ**

To see the full story on how this department which had been on a full-charge back accounting system, on the verge of being eliminated to a fully funded, high profile strategic partner, see our 2005 interview with Tom Eckert. Note that there are five media departments in the J&J family of companies, including J&J Corporate in New Brunswick and Neutrogena in Los Angeles.

Multimedia Services benchmarked outside costs using known charges, rate sheets and estimates from outside producers and agency preferred vendors to establish comparative cost information. As a result, like BMS Films, they are in a position to report cost savings on a per project basis. They are also able to provide comparative pricing in the pre-production project estimating phase. A typical example would be a quote of \$105,000 for internal production of a project that would be projected to cost \$250,000 if done by an outside agency. They have great faith in their estimating ability and will never go over budget or ask for a budget increase unless the client significantly changes the scope of the project.

Note that under the fully funded model, clients pay all out of pocket costs directly. Overhead costs for staff and facilities are funded by the clients annually based on their projected media needs.

Media Services considers itself to be an on-site agency, doing high quality creative work in competition with the agencies and they are frequently in competition with agencies for specific projects. They also have working relationships with agencies and which involves doing some

portion of the work for the agencies, such as post production, where it is less expensive to use the in-house facilities.

Demand for their services is increasing. They have to be a bit careful to avoid being overwhelmed by demand. They have a seat at the strategic planning table and many of their clients ask that a representative of the media group attend early planning sessions. Freelancers are invited to contribute creative ideas for projects, though the only payback is a possible job if the idea sells.

Their current staff is supplemented by contractors. They are currently considering signing with a contract services manager to handle all freelance and permalancer arrangements.

### **Summary and Conclusions**

The audience of about 50 people was primarily composed of independent producers, videographers, and voice over talent, typical of an MCA-I gathering. A few attendees had already worked for these companies, but the primary objective of most of the audience was to find work opportunities. There were fewer than a half-dozen corporate managers and staff in the audience. Overall, however, it was the largest turnout seen at an MCA-I chapter meeting in recent memory.

The panelists were empathetic with the audience, since all of them had begun as freelancers who morphed into corporate management positions. They loved doing what they were doing; however, none of them were fond of the office politics and management responsibilities that went with that transition. All three considered themselves “mavericks” or outsiders within their companies.

All three said they did not use union talent, though how any production organization can provide high quality work without at least occasionally having to call in professional actors is hard to imagine.

Unlike companies we’ve heard from in the financial services industry, none of these companies were doing much at all with High Definition or even DVCam. In fact Novartis is still shooting on Betacam. CD and DVD replication and distribution is being replaced with on-line distribution, with increasing utilization of iPods. As we have seen with other companies, however, this form of distribution is limited because some of the sales representatives in the field do not have high speed internet access. As Andrew Cordery commented, their distribution technology is determined by the lowest common denominator. That is, the minimum available to any of their field sales representatives.

This was an excellent program, one we wish we could see more of. However, since MCA-I is more and more becoming an association of independent producers, we will have to turn to the Communications Media Management Association, which limits its membership to managers of in-house media departments, for future panels like this one.