

# Interview with Arnim Jost, General manager, Cegedim Deutschland GmbH

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You joined Cegedim in summer 2006 eleven months before its merger with Dendrite in 2007 that created the world leader in pharmaceutical CRM. How would you describe the integration process of both companies and what were the main synergies between Cegedim and Dendrite in the German context?

Germany offered a complementary set up at the time of the merger where Cegedim was able to strengthen its direct market services unit and integrate an exciting new product into the organization: Mobile Intelligence. By combining the powerful presence of both Cegedim and Dendrite and providing new tools such as Mobile Intelligence, our organization gained enormously in capacity and competence and fixed its position as direct marketing leader in Germany.

The company's main site is located in Bensheim in the middle of the Rhine-Neckar Delta, a region with more than 30% of Germany's leading Pharmaceutical and healthcare customers. In Munich, there is also an additional sales and service agency. For Cegedim it is fundamental to be where the industry is and the increased presence and coverage derived from the merger only facilitated this process.

Cegedim is present in more than 50 countries and has adapted its service portfolio quite well to the specificities of local healthcare markets. In the German case, what are the greatest differences that somehow affect the way Cegedim do business?

Germany has been and will continue to be a market full of changes and challenges. One of the key challenges it faces right now is the increasing complexity in target groups/healthcare landscape. Our clients from the German pharmaceutical industry until several years ago were used to targeting mainly on general practitioners (GPs) with primary care sales forces. At that time GPs had the power to prescribe and the pharmacist had to dispense exactly what the doctor said.

However things change; the constant reformulation of the legal framework culminated with the last healthcare reform (GKV-WSG) that took effect on the 1st of April of 2007 forcing pharmaceutical companies to negotiate discount agreements with health insurance companies in order to contain the increased costs of the healthcare system.

Before this reform health insurance companies simply had to pay what physicians prescribed. In the new system they can bargain and auction significant purchases of drugs that will be later reimbursed directly with pharmaceutical companies in contracts that last for a while and involve a big chunk of the pharmaceutical market. Therefore, many pharmaceutical companies' aspiration is that the

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quantities of sales and market share resulted from this new tendering system increases considerably since their prices will invariably go down.

As a result, since the 1st of April of 2007 we have seen an increased need of commercial key account management as well as medical key account management from the pharmaceutical industry. The new market access management derives from the ethical approach of valuing innovation and reflecting it on its costs. Before that the industry could introduce innovation in their products without any assessment on whether these advances really benefited patients proportionally to the prices charged. Now the Institute for Quality and Efficiency in Health Care (IQWiG) and the Federal Joint Committee (G-BA) make such assessment and approve the reimbursement of innovative drugs they judge will bring relevant and unique advantages to patients.

How is Cegedim adapting to this scenario in terms of providing services that fit the special needs created by such an environment?

Cegedim has four main areas of services (Data, CRM, Analytics and Services) where the One Key database holds a central importance. By addressing the special needs derived from the German environment we created new target groups such as sick funds, physician networks and market access populations. Hence, One Key guarantees a complete coverage of the main stakeholders of the German healthcare system pharmaceutical industry giving our clients an accurate and detailed picture of the sector as a whole.

OneKey also covers a growing number of physician networks since it is crucial for companies to identify these networks and its members in order to know whether and how to support them and know what will be the outcome of such support.

The One Key database comprises over 10,000 users in the German market, ultimately representing around 42 percent of the market – making Cegedim by far the market leader. The main competition still encountered in this specific market comes from companies relying on in-house database systems, although Cegedim is proceeding to make them aware of the advantages of One Key.

What would those advantages be?

Every database becomes inevitably inaccurate within a year, with an average of more than 10% of the data being flawed. In order to prevent this, one needs to actively maintain the data and continuously cross-check it. Additionally, with an in-house system new information is not registered automatically with relevant data from the industry such as networks and market access stakeholders' contacts. This inaccuracy translates into a high cost for any company. For example if a sales representative is being directed to the wrong address – this will cause a tremendous and unnecessary cost for the company.

Besides, proper targeting is important. A company cannot afford to detail its products to every single potential client throughout the whole market. The system elaborated by Cegedim thus carefully selects whom you are targeting and defines your main audience. Cegedim goes even further helping companies to decide when to launch or promote a product and analyzes carefully the audience to determine the appropriate approach. Cegedim provides sophisticated tools to carry out this process: Mobile Intelligence (MI), our extended Multi Channel CRM suite, where companies can design their multi channel campaign according to their target groups, with possibilities to combine different channels and market their product to those that really matter. Alternatively, TEAMS as powerful out-of-the box Pharma CRM solution and ad>direkt as leading online Pharma CRM system for Germany speaking countries are offered.

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Cegedim group worldwide presented double digits growth in 2008 and even in a year of crisis seems to be following the same path in 2009. What was the participation of Germany in those figures and what are your main growth drivers?

One Key has been one important growth driver in 2009 for the company, but other products and services have contributed significantly to the company's growth, too. The CRM solutions provided by the group are of two sorts: Operational CRM such as Mobile Intelligence (MI) as leading extended CRM solution for the healthcare industry, TEAMS as full blown standard Pharma CRM suite and ad>direkt as online Pharma CRM system and Analytical CRM.

Mobile Intelligence as market leading extended CRM solution is an area expecting a great amount of growth in the coming years. This solution is a perfect fit for the German pharmaceutical companies having big and varied sales forces, representing a flagship of Cegedim in the country.

Another important product range is our Analytical CRM, offering Xtelligence with the flagship product Pharma Performance Manager (PPM), growing at a rapid pace thanks to its strategic ability to identify the main growth areas of a company while allowing companies to keep their focus on operational activities. This Pharma Xtelligence offering creates a unique combination of analysis and action planning that direct companies to success. These solutions have presented a 35 percent growth per year during the last 3 years. The Analytical CRM was originally made available to Austria and Switzerland along with Germany and is now on the global market. For instance, it has very recently been implemented in an international Pharma company throughout its 17 branches in Europe.

Finally, Cegedim also offers complementary services such as our helpdesk, training, hardware support, compliance services and last not least due to strong market need a wide variety of support services for Siebel/Oracle users in the healthcare industry. As you can see, whatever pharmaceutical companies need, Cegedim is here to provide them with the right solution.

Cegedim is an expert in marketing strategies and solutions, but what is your own strategy to further position your name in the German pharmaceutical market?

The German pharmaceutical and healthcare market is mostly a business-to-business environment where Cegedim focuses on the vertical channels of the healthcare industry. A strong and good word-of-mouth communication in this market is therefore our strongest ally to convince clients that Cegedim is their partner of choice. It is thus crucial for Cegedim to really walk the talk and deliver the promised services and expose its solutions to the right audience.

In terms of marketing strategy, a tool used by Cegedim is its Annual Conference held during the month of May. In 2009, over 150 companies participated and the whole German pharmaceutical industry spectrum was present. Another conference held by the group is the "Users Conference" during every month of November where users are invited, during a two day meeting, to familiarize themselves with our products. This conference has double benefits; users benefit from our knowledge and Cegedim from theirs as valuable input is delivered to our headquarters. Cegedim is very customer driven and aspires to rightly guide its clients throughout the dizzying future ways of the German healthcare industry.

In order to deliver such services Cegedim needs a pool of experts in the pharmaceutical industry that must be hard to find and gather under the same roof. How do you manage to create, attract and retain the best talent inside the company?

Although money is an important attraction, Cegedim offers other advantages. The group offers its workers freedom to analyze the changes in the market and react accordingly. This enables the

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company to react quickly to market changes and launch services fit for the needs of the industry ahead of time.

Cegedim has an entrepreneur spirit along with an open door policy. This style of management is applied not only for the top executives; it is transmitted to the rest of the organization where delegation is paramount along with the encouragement of innovative thinking. At Cegedim we value above all customer focus, entrepreneurship and proactivity.

Where such features will lead Cegedim Germany in the coming years and how will you maintain the leading position in the German pharmaceutical CRM market?

The main ambition and aspiration of the German affiliate is to further grow and find creative ways to expand and further penetrate the German market. Cegedim will achieve this growth by combining data, extended CRM systems, analytical CRM, and services all under one roof with an in-depth pharmaceutical knowledge. This is a crucial asset when working with non-specialized partners and Cegedim needs to lead them throughout the industry and so we do it. After all, our clients' success is our main product.

As the head of Cegedim Germany, what will be your final message to your German partners throughout the pharmaceutical industry?

Most of all, Cegedim is dedicated to their success. The company aspires to be their partner of choice; to drive and manage changes in the healthcare market; and support them with breakthrough data and extended CRM solutions. The group wishes to provide the industry with tools to cope with constant changes and to always be ahead of the curve, proactively managing the pharmaceutical environment and thinking ahead of changes, not only reacting to them.

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