

# Nicoletta Luppi, Senior VP & Managing Director - MSD Italia

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*Nicoletta Luppi, MSD Italia's Senior Vice President & Managing Director details the need for healthcare reform in Italy and walks us through MSD's portfolio priorities. In addition, she explains the Italian affiliate's Equity and Inclusion initiatives.*

**You have been Senior Vice President and Managing Director at MSD Italy since 2015. Where would you say Italy stands today with respect to when you started? Can you highlight some of the actions you have put in place over the past few years?**

There have been many improvements in Italy over the last 10 years, and especially in the last five years, with much more attention being paid to healthcare. Healthcare has become a priority and is now on the top of the political and institutional agenda. However, Italy traditionally lagged behind with respect to other European countries and if you consider the ratio of what a government spends on healthcare with respect to the gross domestic product (GDP) of a country, we still are behind by two points with respect to the average.

With respect to MSD, let me start by saying what has *not* changed in the last six years. We continue to use the power of leading-edge science to save and improve lives around the world. This purpose has allowed us to be at the forefront of research to deliver innovative health solutions that advance the prevention and treatment of diseases in people and animals. Having said that, I hardly need to mention that the pandemic also accelerated the process of change to

resiliently adapt the organisation to an environment which is rapidly evolving.

I would say that today we are a leaner and more flexible organisation, focused on what matters and acting even more with a sense of urgency. Years before the pandemic outbreak, we adopted a new blended go-to-market model, where traditional face-to-face interactions with customers were combined with the new opportunities provided by digital transformation. This model proved especially effective during lockdown. Embracing digital transformation has also allowed us to benefit from a strategic point of view because all our operational decisions are now data driven. In addition, we were among the first Italian pharmaceutical companies to introduce smart working for our employees, based on mutual trust and leveraging on digital opportunities

Also, compared to six years ago, we are more diverse and inclusive as a company and in our local subsidiary. Just to give you an example, I am a woman and I am the Managing Director, two thirds of our board are women, 50 percent of our leadership team and managers are women, 63 percent of hires and promotions are for women. Additionally, we were one of the first companies that completely eliminated the gender pay gap.

**Just to put the Italian affiliate into perspective within MSD, how important is Italy for the global organisation?**

Italy is very relevant for the organisation because we are one of the top countries not only in terms of performance, but also in terms of our ability to have good relationships with our stakeholders. Also, we are leading in terms of employee engagement. This is one of the things we are proud of.

**Can you share MSD Italy's footprint in terms of clinical trials and how perhaps the country can improve the administrative burden in this area?**

Last year, we invested more than EUR 66 million in clinical trials in Italy. But the problem with doing research in Italy, if I had to identify one problem, is the fact that the European research strategy and regulations for clinical trials have not been adopted at an Italian level. This is what we are actively striving for, along with other pharmaceutical companies, because the risk is that Italy as a country will lag behind. Especially since we are privileged to have some of the best researchers in the world.

**From what you have said, there is a need for reform in Italy. Apart from the implementation of clinical trials according to the European directive, what other reforms are needed, especially now that Italy is receiving EU funding for its recovery and resilience plan?**

The COVID-19 pandemic outbreak tangibly demonstrated the strategic role and value of the pharmaceutical industry. It has become more evident that investing in healthcare is a strategic priority for the safety and wellbeing of all countries and for their economic and societal recovery. This is a unique opportunity with the national plan for recovery and resilience that is urging us to rethink the strategies for our country.

Firstly, the public health expenditure, in particular for pharmaceuticals, which must be considered as a strategic investment for the country. We cannot accept that innovative drugs, vaccines, and advanced therapies are considered as short-term expenses rather than as investments and this must be translated into new mechanisms for calculating them into the national budget. Then, pharmaceutical expenditure must be centralised. Regions can maintain the responsibility of organising and providing services based on the resources they receive from the national level, but pharmaceutical spending must be centralised, and its governance as well. It is not acceptable that you have or do not have access to innovation depending on the region you live in. With COVID-19 we saw an example of equality across the regions when vaccines were made available to the population at the same time regardless of the region because they were organised centrally by the Minister of Health.

Another point is that the annual problem of pharmaceutical spending overshoot must be solved, considering its chronic underfunding as well as the real epidemiological needs. The financial resources allocated for pharmaceutical spending must be entirely used for pharmaceutical spending and possibly increased to the level of other EU European countries. Then, new incentives for the use of innovative drugs must be introduced. For example, the length of inclusion in the fund for innovative drugs should be extended from the current three years, to four or five years.

The dedicated fund for COVID-19 drugs and vaccines should be maintained separate and with adequate resources. We have to think about how much the other therapeutic areas have suffered because of COVID-19. Instead of thinking about how to catch up, we should keep COVID-19 separate, because otherwise, we are going to continue to see the side effects of COVID-19 in other diseases.

Additionally, I think funding for immunisation should be preserved out of the budget for pharma spending and should be further increased to encompass not only the catch up on all the immunisation that did not take place because of COVID, but also to encompass new opportunities to protect our citizens with upgraded immunization plans across their entire life span.

**After two COVID-19 vaccine candidates that did not move forward, MSD finally came out with an antiviral medicine. Can you explain that journey?**

The two vaccine candidates were generally well tolerated, but the immune responses were inferior to those following natural infection and those reported for other vaccines. Despite these failures, we continued to invest in research, and we finally landed the first oral antiviral drug, molnupiravir. I remember the statement of our President of MSD research laboratories, Dr Dean Lee, at the time. He said that we were grateful to our collaborators who worked with us on these vaccine candidates, and also to the volunteers in the trial but we are determined to contribute to the global effort.

COVID-19 was an opportunity to show what corporate social responsibility (CSR) means to us because one month after the announcement of our failure related to the vaccines, President Biden announced an historic manufacturing collaboration between MSD and Johnson & Johnson to expand the production of COVID-19 vaccines using two of our facilities.

Additionally, In October 2021, MSD and the Medicines Patent Pool (MPP) announced the signing of a voluntary licensing agreement to facilitate affordable global access, and this agreement helped create broader access in 105 low-and middle-income countries including India Under the terms of the agreement, MSD will not receive any royalties for molnupiravir for as long as COVID-19 remains classified as a public health emergency of international concern by the World Health Organisation (WHO). All these global shifts had an impact on our local subsidiary, because locally we also invested EUR 2.5 million in a marathon of solidarity to give our contribution in the fight against the pandemic outbreak, which strengthened our sense of belonging as you can see by the 2021 Great Place to Work we were awarded as the best company to work for in Italy.

**MSD's portfolio is quite broad. Is there a specific priority within the portfolio for Italy and how do you see it developing?**

Since the Organon spinoff, the strategy to focus on specific parts of the portfolio is clearer than ever. We are fully committed to working on three specific areas: oncology, vaccines and infectious diseases, a focus that was stressed by our president and CEO, Robert M. Davis, when the financial results for the first quarter of 2022 were announced. We successfully delivered across all our key strategic priorities, and we achieved strong top and bottom-line growth. The robust first quarter performance was driven by significant clinical advancement in our research pipeline and our effective commercial execution across a broad set of key growth drivers, like the oncology portfolio with multiple approvals across different stages of disease.

If I can give you a few numbers: 1 million patients have been treated with MSD oncology medicines over the past five years and more than 2000 clinical trials are involved in our cancer medicines. So far, there are more than 30 types of cancer that our products are being studied for.

We also continue working on vaccines and in the US we make vaccines for 11 of the 17 diseases on the CDC's recommended immunization schedules and we distributed almost 200 million doses around the world in 2020..

And we are more committed than ever to taking on infectious diseases after the Ebola outbreak. We were the first to create an Ebola vaccine. Lastly, while other companies pull away from antibiotics research and development, we stand out from the pack. We continue our efforts because we know that antimicrobial resistance (AMR) is going to be the next big problem.

I would also like to stress that MSD recently held a virtual investor event, which provided a detailed overview of the company's broad and growing late-stage cardiovascular pipeline and portfolio, which has tripled in size in the past year through clinical trial progress and business development. We are positioned to deliver at least eight cardiovascular approvals by 2030.

We invest USD 12.2 billion per year, between 26 and 28 percent of our revenue, in R&D. We are the number one company across all sectors investing in R&D and innovation if we consider the synergistic effects of our 17,500,000 researchers plus the collaboration with the other pharmaceutical companies and public research organisations around the world.

### **Are there any specific Equity and Inclusion initiatives underway in Italy?**

In Italy there is a lot of hope with regards to the national plan for recovery and resiliency because there is going to be a requirement for companies to be certified for gender diversity. They are finalising this now, but there is a lot of optimism coming from Europe with regards to Italy in this

area. This will be the second big opportunity for the country to step up. The first was a law that obliged all companies to have a certain percentage of women on the board of directors, 30 percent, which is the same as in the UK.

As far as diversity is concerned, I will explain the culture of our affiliate.

Throughout the pandemic, we were all working remotely and the separation between work and private life became progressively more subtle, which made us consider the way we were working and engaging with our employees. Therefore, we started to support our people with emotional and psychological support tools, and we empowered and reinforced a very critical component of our people strategy, which is employee listening. Specifically, we moved our employee survey from every two years to quarterly. These surveys are very agile and are leveraging the latest in employee listening and analytics to provide fast feedback in order to see where we are in practising what we preach. We share the results to our employees and talk transparently with the teams about the findings to capitalise on their feedback as well as take steps to turn those findings into actions. This is one of our most important tools to engage with our people, to grow with our people because we fundamentally believe that we are mirroring society. That is also why gender diversity and all types of diversity are important.

Diversity, Equity & Inclusion strategies are an integral part and pillar of the ethical principles of MSD Italy: they are not simple abstract concepts, but fundamental values that are transformed into strategic business imperatives that allow us to keep our promise of “Inventing for life”.

It is on these principles that we firmly believe and commit on our corporate program “Global Diversity & Inclusion ” that promotes the creation of the “EBRG Employee Business Resource Groups “, that include colleagues across the company. In Italy we have established four groups: the Women’s Network, the CapAbility Network, the Next Generation Network and, most recently, the Rainbow Alliance.

Because of these efforts, our turnover is low when compared to the rest of the industry and to also other industries.

**Is there anything else you would like to share with PharmaBoardroom’s readers?**

Just a couple of things. I am an ambassador of AMREF Health Africa because I am against female genital mutilation, so in every interview I do I like to highlight this problem. Also, speaking about women, I would like to remind all young women that it is very important that they continue to

study and to be prepared but, above all, to believe in themselves. It is important for women to be true to themselves and make their peculiarity their strength. I think women have to be brave and self-confident about the value they bring to an organisation and to society and should never stop asking themselves why they do what they do. I think this could be the starting point for a leadership-oriented mindset that we need to encourage.

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