Federico Mambretti – Country President, Novartis Belgium & Luxembourg



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Novartis is one of Belgian pharma's biggest investors across manufacturing and R&D, contributing EUR 598.9 million to GDP in 2022, creating 4,403 direct and indirect jobs, and reaching 5,349,628 million patients via its locally available portfolio. 18 months into his role as Country President for BeLux, Federico Mambretti expands on the impact of this sizeable footprint, how global company transformations are playing out at a local level, and the access hurdles which need to be overcome.

Could you outline the scope of your career trajectory and what brought you to this position?

I am an Italian with a ‘Glocal’ profile and have lived and worked in ten different countries over the past 20 years, always focused on the pharmaceutical industry and often coming back to Italy. I spent the first ten years of my career as a consultant in the healthcare space and worked with almost all of the top 20 pharma companies along the way, on both small and large projects. The second phase of my career has been within the industry, having initially joined Sandoz before moving over to Novartis.

I have been in Belgium for a year and a half, first as General Manager of Novartis Pharma, but have ended up overseeing a significant transformation in Belgium as Country President, uniting the company's various divisions into a single Innovative Medicines entity. This has been a challenging, but exciting experience.

The driving force behind my career to date has always been curiosity, exploring new countries and companies while continuously learning. This learning journey has included attending some of the world's top business schools such as Harvard Business School, The Wharton School, and INSEAD. Novartis is therefore the perfect place for me, as curiosity is one of the company's core values.

Have you decided intentionally to work with Sandoz on the generic space before moving to Novartis -the innovation-focused parent company?

My initial move to Sandoz was intentional, having received offers from both Sandoz and Novartis. I wanted to experience the fast-moving generics space, which was booming at the time, and my experience there has put me in good stead for my current role. Novartis values people who have had this dual experience and many of us go on to have amazing careers. The skills I developed in the generics industry, where the market dynamics are akin to those of fast-moving consumer goods in many ways, are highly valuable, although my long-term ambition was to be closer to radical innovation.

CEO Vas Narasimhan described 2022 as "a year of transformation for Novartis" following over USD 100 billion in acquisitions and divestitures over the past few years. How is the company changing and what is the effect of this change on operations in Belgium?

Novartis has over 100 years of legacy in Belgium with a huge footprint across all steps of the value chain. Not only does the company have a major manufacturing site in Puurs, but we also have probably the largest R&D footprint in the Belgian industry with more than 100 active clinical trials, as well as a sizeable commercial and medical presence. Novartis has always been a company that has pushed innovation forward in line with our motto of "reimagining medicine." We are typically positioned at the frontier of R&D and new technologies.

For example, we brought the first two cell and gene therapies to the Belgian market and are now in the process of bringing the first radioligand therapies here. Novartis is a company that looks at the

latest, most attractive, and most disruptive technology and tries to bring it to patients, which I believe is the true mission of the pharmaceutical industry.

The recent transformation is all about ensuring that Novartis is even more focused, innovative, and prioritises the technologies and areas where we can deliver the highest impact. These are oncology, haematology, immunology, neuroscience, and cardiometabolic diseases. While we still draw from our heritage and experience in multiple domains, our core focus areas today are the result of a rigorous exercise to define where we can add most value.

Specifically in Belgium we have two other objectives. One is to create an organisation that is very agile, because we realise that the pipeline, the portfolio, and the market can change faster than organisations themselves. It is important to have that flexibility to adapt to the external environment. It is also a unique opportunity to build a team with the right skills and capabilities to match this refreshed organisation.

Having joined Novartis Belgium in the middle of this company-wide transformation, how challenging was it to bring your team together and aligned to the same goals?

In any journey, there are painful moments. In this case, we are essentially bringing different divisions together and therefore realising synergies and even reducing overall headcount. However, the stronger level of focus is allowing Novartis to better exploit existing assets.

Greater agility helps ensure that we play well wherever we play. Another concept close to our heart is customer-centricity. The market is becoming increasingly complex and while there is scientific differentiation behind our products, there is a lot of work to do to overcome the frictions in the system and ensure that the right therapy can get to the right patient. Belgium is a particularly complex country, so this cannot be taken for granted.

How has the unification of Novartis' divisions affected the Belgian affiliate's go-to-market approach?

Across the industry, there has not been a lot of innovation in terms of business models in recent years. Given the high level of regulation that governs our industry, it is still relatively traditional. However, our new focus does allow us to provide a single point of contact for our customers. There has also been a great deal of simplification of our internal processes to ensure that the customers

are able to interact with us more seamlessly. Local laws and company codes of conduct will always create restraints, which we respect, but our basic principle is that our customers should have a smooth experience whenever they work with Novartis.

Given the relatively modest size of the Belgian market and its proximity to company headquarters in Switzerland, what makes Belgium a relevant country for Novartis?

Belgium is an extremely relevant country for Novartis, especially as it has moved to establish itself as a ‘pharma valley’ in the past few years. It has been able to attract investments in terms of both manufacturing and clinical trials with a mix of skilled labour, expertise, and the right ecosystem and incentives to allow companies to thrive.

We currently employ around 2,000 people in Belgium across 3 sites (our Belgian headquarter in Vilvoorde, our production facility in Puurs and our EU Public Affairs office in Brussels) who work to help ‘bend the curve of life’ by discovering, developing, and delivering breakthrough treatments for patients with devastating diseases.

We create not less than 4,403 jobs (including 1,365 FTEs from own Operations, 1,664 jobs indirect from Supply Chain, 1,375 induced jobs). The results speak to Novartis’ consistent investment in the local economy and its commitment to be an innovation driver supporting high-quality medicine for patients in Belgium. The employment impact comes from the consumption of goods and services by Novartis employees as well as from the employees of the business along the entire supply chain.

However, it should be recognised that the achievements of the past are no guarantees of future success. On several metrics, Belgium’s competitive advantage is slipping. This is part of the natural competition between countries and of European legislation becoming more broadly applicable and levelling the playing field somewhat, but Belgium must ensure to take a forward-looking approach to make sure its advantages are not lost too quickly.

There are some dimensions – such as rapid access to medicines – where Belgium is clearly not positioned as well as other countries in Europe. This has knock-on effects on clinical trial investment because as pharmaceutical companies we have an ethical obligation to run trials in countries where eventually we are able to provide the product to patients. The harsh reality in Belgium is that only 50 percent of EMA-approved medicines are eventually reimbursed on the market. This percentage is close to 90 percent in Germany, to give you a sense of the gap.

Moreover, the average time to get to this reimbursement is longer than a year, whereas it is a matter of weeks in Germany. This is a result of many factors including bureaucracy and the need to contain healthcare expenditure, a legitimate government concern. However, it leads to the unacceptable situation of patients in Belgium not having the same level of access as their counterparts in other European countries.

Nevertheless, Belgium spends over 11 percent of its GDP on healthcare, higher than many other advanced economies in Europe. Do you feel that this percentage needs to be better allocated to address this access issue?

Belgium invests a lot in healthcare, but pharmaceutical expenditure is only a small percentage of this total. From my perspective, a sufficient budget already exists in Belgium and the way this is allocated over the coming years and decades will be a crucial factor in ensuring that patients here have access to the medicines they need.

The vast majority of this healthcare budget does not go towards medicines. In Belgium, which has been severely affected by inflation, costs for items like infrastructure and salaries have soared by double digits in recent years, while medicine prices have remained the same or have even reduced to compensate for the growth in total expenditure.

How would you characterise the dialogue you are able to engage in with governmental stakeholders in Belgium?

We have some common goals and all stakeholders recognised the need to bring medicinal innovation to a broader patient population earlier and faster. This is what unites pharma companies with healthcare professionals and politicians. The dialogue is sometimes fruitful and sometimes difficult thanks to the myriad competing interests; there are a lot of stakeholders to appease despite the relatively small size of the country.

A positive solution can always be found when we start from common ground. We all share the common objective of bringing medicines to patients faster, earlier, and in an appropriate and sustainable way. This means sustainability both in terms of government budgets as well as that of companies’ businesses in the long-term.

The Belgian government has just released a 52-point roadmap for improving access to medicines amongst other health priorities; what are your first impressions of the impact this could have?

We believe this access roadmap is extremely relevant to the future of healthcare in Belgium. There are some positive signals contained within it, like the intention to provide earlier and faster access to innovation for patients. However, we will have to wait and see whether this intention becomes a reality, as there are already several options that exist, but are not currently being converted into practice.

Another positive part is the common recognition of the need to improve the scientific quality of assessments and the involvement of the scientific community. Some incredible innovations are coming to market but the level of assessment of the value that these innovations can bring is sometimes not as solid as we all would like it to be. This is important because eventually, we want a meritocratic system whereby the budget is only spent on innovation that is worth it.

Other positive aspects include the involvement of more patient communities and ensuring that whatever we do is aimed at improving patient outcomes.

There are also some concerns and parts that still need to be developed together because ultimately, our breakthroughs only benefit the population if the government recognizes their value and ensures reimbursement for patients. Redesigning the ‘conventions’ system which exists in Belgian healthcare is certainly one of them. The current system is far from perfect, but thanks to conventions patients access medicines earlier and drugs get to market after a very rigorous and detailed assessment and negotiation. Much remains to be done to improve early and fast access to medicines for Belgian patients, and conventions surely have an important role in this objective.

Finally, the pharmaceutical industry and healthcare in general need to be seen for the investments they are. Healthcare is not a cost but rather a driver of economic and health value in society. It cannot be approached solely with the mindset of cost minimization because this will lead to fewer opportunities for patients here to access the medicines they need.

Despite these challenges, Novartis has invested a lot in clinical trials in Belgium in recent years. Will we see this continuing?

Historically, Novartis has been one of Belgium’s biggest clinical trial investors. However, in the global balance, Belgium’s attractiveness as a clinical trial destination has declined in recent years,

for three reasons. The first is that European legislation is taking away some of the country's historical advantages and levelling the playing field. The second is cost; Belgian labour costs – especially in times of inflation – are very high. The third is the link to access, and the difficulties of committing to clinical trials for a product where reimbursement is not a guarantee. Novartis remains committed to clinical trials in Belgium. Together with our industry association pharma.be we are in active dialogue with the government to ensure that Belgium retains its edge, because today we see other countries more and more often being prioritized as clinical trial destinations.

What has been your experience of bringing cell and gene therapies, with all the complexities they entail, to the Belgian market?

Novartis Belgium boasts one of the broadest portfolios in the market, covering gene, cell, and radioligand therapies as well as other innovative areas. Bringing innovations to market and finding access solutions across all these fields has fostered some pioneering new ways to serve patients. However, we cannot say that the market and ecosystem is fully ready for such innovations –patients have no time to lose waiting for life-changing medicines while their disease is progressing – and we should not feel satisfied until their full potential is realised. Sometimes they require a complete rethink of the way we envision access, go-to-market model, and supply chain, and we are only at the beginning of this journey. This brings me back to the importance of valuing medical innovation. Investing in medicines has helped double the planet's life expectancy in the last century and an approach based on pure cost minimisation will halt further progress for humanity.

In any market, when the return on investment dries up over the long-term, capital flows stop coming in. ROI for pharma R&D has dropped ten points over the past ten years, especially in Europe, so we are in a precarious situation. A decade ago, the pharmaceutical industry was a high-risk, high-reward industry but today the return is much more comparable to industries like electronics, while the risk remains high. We need to ensure that investment in pharma continues, because of the higher relevance it has on human lives. Our products allow people to live longer, work more, and be more active participants in society. Moreover, Novartis alone contributes EUR 600 million to the Belgian GDP, generates over 4,400 jobs both directly and indirectly, and serves more than five million patients every year. A holistic, rather than siloed, view of value is needed.

What are your ambitions on a managerial level for Novartis Belgium?

We have many ambitions, some of which will only be realised with time. Internally, we want to ensure that we have a team that is curious to learn and adapt as the market and the world evolves. Our team should be relentless in driving forward innovation and overcoming the obstacles that we face to serve more patients faster.

Externally, the future of Belgian healthcare and its global attractiveness is now on the table. I hope that we can protect and strengthen this.

Novartis has an amazing pipeline that I hope we can bring to patients to ensure that everybody gets the cure or the care that they deserve. We are also highly committed to addressing two leading causes of death in Belgium: cardiovascular diseases and cancer. For example, cardiovascular disease costs the country EUR five billion per year but gets less coverage than cancer. Solutions are needed for a disease in which 80 percent of deaths are preventable. We are ambitious in the number of lives we want to save and collaboration within our ecosystem will be required to make this a reality.

If we want to keep extending people’s lives and improving their quality of life, this should be a priority area. As Novartis we are attempting to drive multi-stakeholder alignment around cardiovascular disease and raise awareness of the importance of taking a population health approach incorporating preventive measures to ensure that no patient is left behind. This could be an area in which Belgium takes the lead on in Europe within the scope of its presidency of the European Commission Council in 2024.

Do you have a final message for PharmaBoardroom’s global audience?

Belgium is a country with a glorious history and has learned a lot of lessons about how to attract investment and make the healthcare space thrive despite its relatively small size. However, the situation is deteriorating, and we need to ensure that all stakeholders are fully focused on ensuring that this competitiveness is maintained.

Secondly, we are entering a phase of amazing innovation that can completely revolutionise the way that certain diseases are tackled. We will probably be able to talk about cures for diseases that were unthinkable only a few years back. Nevertheless, we need to ensure that all the stakeholders are aligned to capture that opportunity and that patients in Belgium are no longer discriminated against when it comes to access to innovative medicines compared to other countries in Europe.

Finally, the new Novartis is now ruthlessly focused on those areas where its impact will be the highest. We will be very well positioned as a strong partner for all stakeholders to make this impact a reality.

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