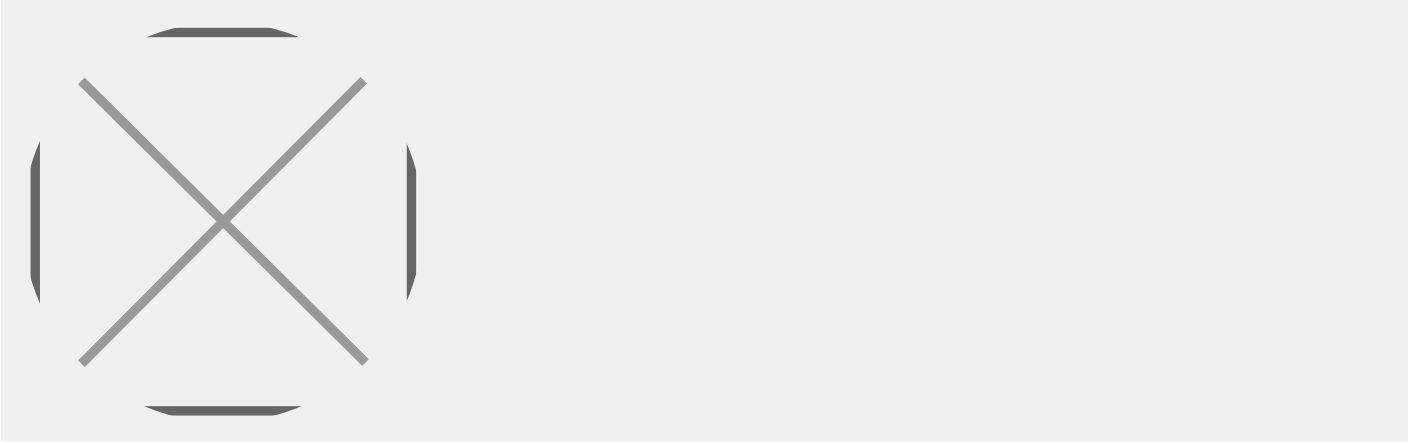
Interview: Deborah M. Brown, President, Merck Serono, Canada



05.12.2013

Tags: Array, Merck Serono

Deborah Brown, President of EMD Serono Canada, talks about Canada's emerging market mentality, despite being a developed country, and how this lack of innovation and risk-taking could ultimately break Canada's healthcare system if not addressed immediately.

You have been responsible for a number of EMD Serono product launches in Canada; what are the main challenges and opportunities that the Canadian market has brought over the years?

I do not think they are unique challenges, since most of the problems are similar internationally. But the system has gone from new medicines having to deliver great science, to offering value in terms of cost offsets or providing incremental value to a wider range of stakeholders. Of course we ask for input at the outset of a new drug development; however, the hurdles constantly change, which requires constant adaptation. The market has just become increasingly tough. The low hanging fruit is gone and it is harder to bring the value that everybody wants. Canadians have grown up thinking that the universality of healthcare is a foundation of this country, and that therefore everything should be free. When the cost of a particularly expensive drug is mentioned, everyone expresses concerns rather than looking at the overall value offering, e.g. it may reduce or eliminate hospitalization or other care which is more expensive. Essentially, the two primary challenges involve bringing incremental value that is more targeted and addressing the perception that medicines need to be inexpensive. Innovation is expensive, but can offer great value to the

quality of life and productivity of Canadians—we need to do a better job of communicating this to Canadians.

It has been said that Canada is the only developed country with an emerging market mindset, with great policies for licensing and reimbursement, but development is more emerging. To what extent do you agree with that?

I think that it is shocking to see that other Western countries facing deeper economic issues than Canada have still ensured that their patients can access new and innovative medicines despite these problems. We are willing to work collaboratively to determine how to create sustainable access to medicine, but simply saying no is not acceptable. If Canadians say no to innovation, we will not even stay in the current state of healthcare, but rather move backwards. We have to innovate just to maintain our current quality of life. Canada has somehow missed the opportunity to learn from other Western countries.

What are the greatest difficulties associated with the Canadian healthcare sector?

Canada has a population of 35 million people, which is growing slowly but steadily. For such a vast geography with a population the size of California, to have 10 decision makers in healthcare makes no sense. We are duplicating costs over and over in the healthcare system. We have addressed some issues such as hospital amalgamations but Canada still tries to reinvent the wheel, with multiple layers of federal and provincial hierarchy. In principle there should be a national body that makes recommendations about cost utility or health economics. Additionally, such a body should not be re-reviewing clinical data in efficacy because Health Canada already does that. There are just too many processes. A patient may have to wait for three years just to get a drug. The fact that a drug may be available in one province but not in another province just across the border is nonsensical.

In terms of cost utilization efficiency, I think that adherence must be tackled, particularly with proper use of medications. Many think that their pills are free. They must learn that medications are not free, and are an important investment that needs to be managed well. EMD Serono offers many devices free of charge that can be synced to monitor adherence. Furthermore, the medical community in Canada needs to determine if patients are actually taking their medications correctly or often enough. This populace perspective on the freeness of drugs can result in patients not being adamant about taking medications or following through on lifestyle changes that can help or thwart the benefit of the medicine. EMD Serono also offers patient support programs that will partner with the pharmacists and healthcare providers to do compliance checks and to provide

educatioin on how to optimize treatment.

EMD Serono Canada offers a number of different services such as sales & marketing, quality assurance, drug safety, and regulatory affairs. What areas need the most attention?

From EMD Serono's perspective, the goal is to simply have a compelling, shared vision and then ensuring that we have talented people that can bring that vision to life. Currently, there are some pipeline challenges and we need agile possibility-thinkers to expand our opportunities. Therefore, communications and advocacy are very important departments. Coupled with access and government affairs, they all play important parts in ensuring market expansion. All areas are important, but the role changing the most now is that of the 'salesperson'—they have become liaisons between customers and all the services the company provides, effectively more of an information provider, problem solver and partner than a salesperson now.

The company focuses on a number of therapeutic areas. How are you involved with patient or advocacy groups to ensure that EMD Serono is a true leader in the Canadian marketplace for MS?

EMD Serono is very proud of its work in this area. We have a local vision in its sixth year called THRIVE, which places all of EMD Serono's patients at the heart of its decision-making. If an idea does not add value for the patient or the business, we will not do it. The company will not take a price increase that exhausts a payer cap faster if it could negatively impact even one patient. Having highly engaged people and being innovative in how we approach our portfolio are central to this vision. This is a key differentiator for EMD Serono. When EMD Serono started THRIVE, we brought it to lifethrough patient insight projects, in which we ask every employee to find and talk to patients in our therapeutic areas about their life and disease journey. Too many companies think they understand patients by looking behind the glass with market research. In other words, a company might make a great drug but render it useless in terms of how it is made available, or how they support the drug after approval.

Partnerships play a big role in the way EMD Serono operates. What do you really look for in a company in terms of EMD Serono Canada's partnership strategy?

EMD Serono has partnered with a number of companies in Canada. However, most of those were discovered by the company's headquarters. One notable example was a spinoff from the University of Alberta that became Oncothyreon, which is creating a vaccine for solid tumour cancers. As a small company, they recognized the need for a large scale commercial partner, and came to EMD

Serono. The company continues to work on developing a product called Stimuvax. In general, EMD Serono is open for business, looking for opportunities. I try not to miss opportunities to highlight the quality of research that is available in Canada to the organization. Canada is catching up and is even ahead of some parts of the world in focusing on opportunity. Many incubators are scattered around the country, nurturing companies and accelerating commercialization. EMD Serono's BD team talks to companies focused on specific areas that are of interest to EMD Serono, whereas in the past the company had been much more broadly focused. EMD Serono frequently focuses on business development activities, such as co-promotions or portfolio exchanges. Those kinds of activities take a balanced scorecard approach, looking for common values. We did a deal with Ipsen, which meshed because we built it on the foundation of shared commercial and corporate values and communicated our values to each other. Without that communication and transparency, partnerships are much more difficult. EMD Serono looks at metrics too; if we are your partner and handling the product for you instead of a co-promotion, we must ensure that we are increasing future brand equity and the value of your product.

What is the strategic importance of EMD Serono Canada in relation to the entire organization?

EMD Serono Canada is small but mighty in terms of the Merck Serono organization. The affiliate presses above its weight. We are considered a talent incubator here. In smaller countries, employees tend to reach a certain level and then only have the opportunity of lateral moves, and while some leave the organization, many others really step up and are very open to roles across a broad range of areas and locations, which I strongly encourage. More and more, Merck Serono is open to people working in international positions but travelling from their home country, which creates a very fluid environment. If you have talent, you can stay in a particular position if you deliver results. EMD Serono is a true talent incubator, and is definitely creative and innovative in its approach to certain strategy or tactics. In Canada, you may only have ten reps in a specialty area, which allows you to roll something out quickly. You get immediate feedback since only ten people are providing responses. EMD Serono Canada is constantly providing advice to the global organization, which they often take up. My team is a very creative group of thinkers and problem solvers. I think that not having the same full portfolio that other Merck affiliates have forces this affiliate to be more creative. The organization looks to us for that, and we share a lot of ideas. EMD Serono Canada is almost always at 'the table' despite being only ten percent of the US market.

What role do you see Canada playing in general?

Canada is an interesting bridge between the US and Europe. The country is viewed as being cooperative, and as a place where ideas can flourish. Canadians are very synergistic. Canada is often the middle man, always bringing value. We have a European-like system but a North American consumer mentality. It is an interesting fusion that can adapt to the characteristics of either market.

What is your strategic vision for the next five years?

I hope Canada works hard to have different conversations and to create solutions with payers and governments. The difficulties of sustainable healthcare are finally being realized, and the pharmaceutical industry and employees are as concerned about a healthy future as everyone else. In order to create solutions, however, it is imperative that a timeframe is agreed upon. You cannot have an innovative culture or country without some sort of investment, and we need some certainty in our business cycle. EMD Serono will continue to play a key role in its therapeutic areas, particularly in multiple sclerosis and oncology. The technology is such that it is possible to measure potential response using biomarkers, better defining the population. EMD Serono will be focused in the future in terms of giving the right patient the right dose at the right time. I hope that in five years that patients will have much higher response rates within their own subgroups than they do now—that is the promise of personalized medicine. We need to educate and demonstrate the benefit-risk in certain patients' sub-types so that more beneficial medicines are made available to the right patients—currently, many medicines don't even make it to patients because we aren't able to identify the optimal benefit/risk group. There is a lot of opportunity to ensure that Canadians don't just live longer, but live longer and enjoy good health and a great quality of life.

To read more articles and interviews from Canada, and to download the latest free report on the country, click here.

See more interviews