Walid Kattouha – Head of Middle East Cluster, Novartis, UAE



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Walid Kattouha, Head of the Middle East Cluster of Novartis, speaks about why local knowledge is key to the company's success, what have been and continues to be the major challenges for the company, and what the future looks like.

You are the leading pharmaceutical company in the Middle East region. What is your strategy that has put Novartis in this position?

Most people believe that the Middle East markets are all the same, but this couldn't be further from the truth. There are so many specific characteristics to each market, due to their political situation and history, which require us to operate very differently from one country to the next. It is this adaptability that makes a real difference when it comes to the success of a company in the region. This is why local knowledge is essential to succeed in these markets. One advantage of the region is that we can learn from our lessons in other markets around the world and tailor those strategies to specific situations and conditions in the region.

As part of our wider strategy we are trying to go beyond simply selling pills. We realize that we are experts in disease areas that are of great importance to this country, and as such we feel that we have much value to add in terms of improving the healthcare conditions of the UAE and greater region. The aim is to become essential healthcare partners to the government rather than simply

being viewed as a pharmaceutical company selling products through the traditional way of marketing.

In the Middle East, it has only been in recent years that pharmaceutical companies are perceived as healthcare partners by health authorities. This is partly due to the fact that most major pharmaceutical companies used to operate through representative offices and local agents, meaning it was perceived that they were only here to sell their products, sometimes at very high prices. In the last 10 years there has been a shift to build rapport with local health authorities and to determine how the expertise of global pharmaceutical companies around the world can serve them in a better way.

For Novartis, this has transformed into several targeted initiatives for specific diseases, such as for diabetes through the “Win Over Diabetes” program. We are very proud of this program because it involves physicians, health authorities and patient societies to develop specific activities that can improve disease awareness and management. The program is also innovative in that it focuses on remote areas of the country where there is less awareness and generally lower standards of treatment. Furthermore, we tailor the activities and support according to the needs of each area.

We are also very active in diseases that are genetic, such as Thalassemia, for which we have outstanding treatments and expertise. The key to address these diseases lies in their prevention because they are hereditary, which is why education plays a major role in limiting the spread of the disease. Screening is then the second step, which is complemented by disease management programs for patients that are diagnosed with Thalassemia.

Given Novartis’ long-time experience in these markets, and the trust authorities have in your company, what remains the biggest challenge for Novartis in the Middle East?

The challenges for the pharmaceutical industry are typically the same throughout the world, so the challenges that we experience today in the Middle East are very similar to what we were experiencing in Europe ten years ago. Whereas European countries are today using similar benchmarks and employing strategies that are alike, this was not always the case and in the past we also had to deal with very different regulatory environments in each of the European countries.

Overall the underlying challenge for the Middle Eastern region comes down to improving access to treatments. This is particularly important at this time when lifestyles are changing across the region, and diseases related to these changes, such as hypertension, obesity and diabetes are

becoming more prevalent. Such diseases are also causing a greater burden for health expenditures in the countries, while in parallel the cost of innovation for pharmaceutical companies has been rising over the years. Given such trends, we must find a middle ground together with health authorities to reign in health expenditures while at the same time rewarding innovation appropriately with adequate pricing and reimbursement schemes, according to locally applicable regulations. If we all agree that the common goal is to improve the outcome of patients, then we can collaboratively work through this challenge to create an effective healthcare system in this region.

Furthermore, considering that the pharmaceutical market is growing so quickly in the Middle East, this has led companies to rethink their operational models, to maximize their capabilities and build local talent that can support such levels of growth. This includes hiring skilled people locally and providing them with international experience so that they can be exposed to best practices in other markets. Training this local talent demands heavy investment from our side, which is also a challenge for us. In parallel, health authorities are also improving their own capabilities in order to speed up access to medicines and improve overall medical practices. In this regard, global pharmaceutical companies also have an important role to play to assist local authorities through this evolution by sharing our expertise with them and providing the best advice based on our experiences.

Another challenge that we experience in this region is related to the protection of intellection property (IP), as many countries do not have clear legal frameworks for patent protection. Overall, most countries do respect patents despite the lack of legal protection and IP violation is not a major issue. Nevertheless, some countries would certainly improve the overall business environment and generate greater confidence for the pharmaceutical industry by defining clear or clearer laws for IP protection.

Finally, the last difficulty of working in the Middle East is related to the political instability found in some of the countries in the region that also affect neighboring markets. This requires that we become very agile and quick in our response to situations so that we can shift our operational models according to different political realities. Despite these difficulties, we always try to find the right way to ensure that patients in those countries still have access to our medicines. We must keep serving the patients.

Taking into account all these challenges, what has been Novartis' performance in this region in terms of sales and growth?

Despite the challenges, the pharmaceutical market in the Middle East has been growing between 8-11 percent over the past few years. According to local figures we have been growing above the market average, and I believe this success has come as a result of our robust portfolio and our quest to continuously improve the lives of patients. It is up to us to find the right business model for this region and remain agile enough to respond to the specific opportunities and challenges of this market. There is no question that the Middle East is one of the key markets for Novartis, and this is evident by the fact that our organization has tripled in size.

The market is clearly rewarding innovation and unique treatments and medical need is still high. I like to believe that we have all the right tools to address this need, and it is simply up to us to approach the situation in the right way and to work together with local authorities to improve access for our products.

What is the overall reputation of the pharmaceutical industry in the Middle East, considering that in other parts of the world this industry is somewhat demonized by a tainted reputation?

The unfavorable reputation of the pharmaceutical industry has been created due to a lack of communication amongst the relevant parties, particularly health regulators and physicians who have impacted the reputation of Pharmaceutical industry. As an industry we need to communicate more and be transparent in our goals as business enterprises that have the interest of patients at their core. There is no doubt that our companies must generate revenues to continue operating as successful businesses, but the overarching goal is always to sustain innovation in order to build a sustainable industry that can continue to provide new treatments that change the lives of patients. If we do not make money, then we cannot invest further into innovation, which means we will be unable to help new patients by creating new medicines, this is the reality. Ultimately we need to sit down with health authorities and, bearing all these elements in mind, decide which products are expensive or not and what is a fair price. Only this way can we shift the mindset from one that looks at the price of medicines simply as a figure to a mindset that takes into account patient outcomes and innovation to determine fair prices.

Do health authorities in the Middle East generally agree with this holistic vision of pricing?

As most of the countries in the region are only now shaping their healthcare sectors, I think this notion of pricing and rewarding innovation is becoming more common. On the other hand, as I mentioned before, it falls upon the pharmaceutical industry to communicate more this vision so that it becomes clear to everyone and part of a standard process that values patient outcomes. Health authorities are always most concerned with controlling their budgets and truly innovative treatments that can lower health burdens in the long run have a major role to play in terms of stabilizing health expenditures. This is up to us to demonstrate and communicate to them so that we can all focus on the larger goal of making a difference for patients. We are here to recommend how to provide the right medicine to the right patient at the right time.

In regards to Novartis' product portfolio in the region, how are you adapting your product offering to the needs of the region and what are the areas that the company is focusing on?

Novartis worldwide is a very strong player in cardiovascular and metabolic diseases, which are very pertinent disease areas in the Middle East region within which we can make a real difference. We currently hold the leadership in anti-hypertensive treatments, which is in conjunction guiding our presence in the diabetes area. Furthermore, we have a strong presence in oncology where we are investing heavily, not only to bring all the products in our portfolio but also through clinical research in this region. Regarding some more specific diseases that are common in the region, we had already discussed Thalassemia being a genetic commonality in the Middle East. Novartis is also focusing strongly on CNS disorders, such as multiple sclerosis, dementia, and Alzheimer's.

Overall Novartis has a very diverse portfolio that is shifting to address the needs of an ageing population that is adopting an unhealthy lifestyle. This includes, for example, our respiratory franchise that is strengthening its presence because of the high number of smokers in the region. As you know, beyond cigarettes there is also a common practice of smoking *shisha* in the region, which can be just as damaging to one's health as cigarettes.

As disease profiles are shifting and healthcare sectors are being shaped, what role does research have to play within this context?

That is a very relevant question because I am certain that these rapid lifestyle changes will eventually lead to medical scenarios that are specific to this region. This is the right time to pair the capabilities of pharmaceutical companies and government in order to boost research in the Middle East so that we can better assess the needs of patients and the different ways that we can meet those. There is a general lack of Disease prevalence and Health economics data in the Middle East, which is something that we can easily improve if we all focus on this and collaborate on obtaining the right indicators that can help to better assess healthcare needs. Diabetes, for example, is a major problem in the region; however, there is very little data as to the real number of people living with the disease and those that have been diagnosed with it. Such basic data is essential to even consider the pharma-economics of any medicine or a wider program to target the disease. This situation applies to most diseases.

Earlier you mentioned the need to adapt to the region's needs and to adopt unique operational models in order to succeed in the Middle East. What exactly are you doing differently that has positioned Novartis as a leading company in this region?

The main difference in how we operate compared to most markets is that we work through multidisciplinary teams that are specific to a disease area. Rather than having the salesforce separate from the marketing team and the market access team, instead we created teams that incorporate all these functions to target certain diseases and handle specific products. These teams include medical, marketing, sales and market access experts that collaborate together to develop specific strategies for their products and disease areas.

I always tell my employees that they should question how their actions and plans will influence the lives of patients, and if they come up with no added benefit for patients, then they need to review their plan. I also tell them that they need to think of themselves as special military forces in the sense that they must remain extremely agile, with the right equipment and training to adapt to uncertainty and volatility. When I ask them to change plans due to the change in market needs, they are always ready to adapt to this and to come up with a new course of action and this is the mindset that allows us to succeed in this region.

How do you attract and train your employees to reach such a level of agility and responsiveness?

I am a strong believer in international exposure and exchange as a crucial learning tool for employees. As a company, Novartis invests heavily in developing future talents and I see this as one of my major purposes as a manager. My personal experience was that I began working for the company in my home country, Lebanon, and then worked in several roles in Europe to then come back to the Middle East once I had gained sufficient experience abroad. Indeed, I think most companies are realizing that this dual training, local and international, is a necessary element to succeed in this region.

It seems like in the Middle East the only true constant is change. What do you plan to achieve throughout your tenure as the head of this region?

I always question how I can best position Novartis, or even the large pharmaceutical industry, as a true partner in healthcare with local authorities. I would like to be able to say that I have made a true difference in how our industry is perceived in this region, and that we are recognized as an essential element of the wider healthcare ecosystem. We need to move beyond the pill and make use of our expertise in innovation and our global knowledge on how to improve the lives of patients in conjunction with the local needs of each country.

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