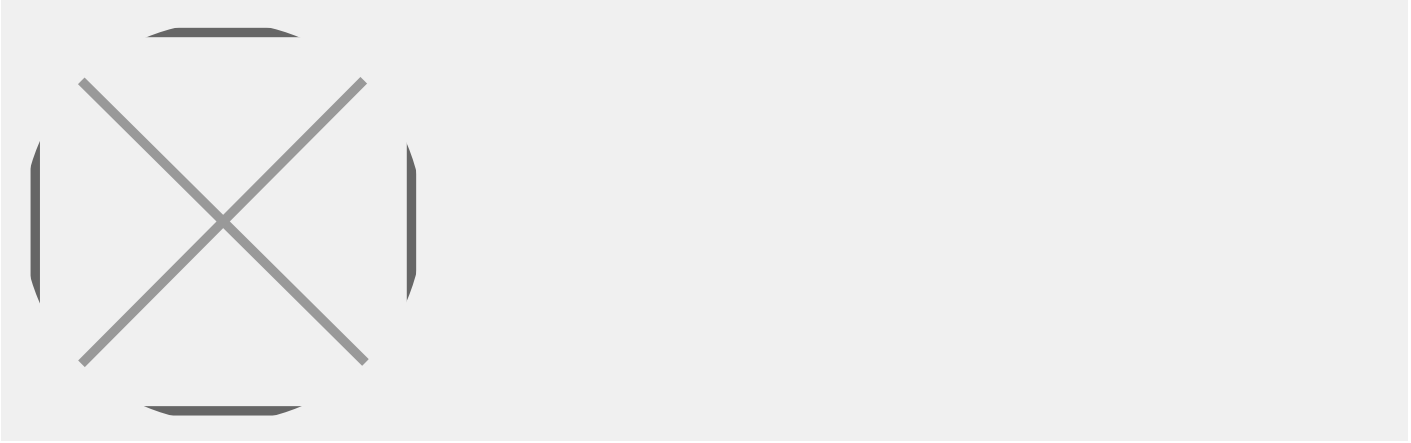
Interview: Thomas Weigold, President & Managing Director, Novartis Healthcare Philippines



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Thomas Weigold, President & Managing Director of Novartis Healthcare Philippines expounds upon the rapidly developing healthcare system in the Philippines, what is yet left to improve upon and how Novartis is aiming to change the way people think about their health and their lifestyles.

Mr. Weigold, you started heading the Philippines operations in 2011 coming from a previous assignment in Scandinavia. What were your first priorities here?

The most important element to succeed in the Philippines is having a clear and aligned strategy in place, which can deliver against set priorities. This means knowing and understanding where your strengths as an organization lie, and what limitations exist due to the local healthcare system at a specific point of time. A compelling strategy will bring these elements logically together.

The first thing we did was a revision of our strategy, which at that time did not deliver against the set expectations. With a holistic and deep dive into the details, we could see the issues of our old strategy and identified the future business segments of our innovative and patent protected portfolio, in parallel to the increasing access opportunities through our Sandoz division, which provides quality and affordable medicines to a large part of the population.

The timing of the adjustments was actually very good as we could align the organization with the necessary local business model and also with our global organizational set up around the portfolio and strong future pipeline.

You have changed the Novartis organization in Scandinavia by using different commercial business models under one operational unit. While the Philippines may not be as receptive to this particular model, where do you see further room for improvement for the organization here?

The market in the Philippines is very complex due to the large population and geography, the missing or very basic infrastructure, and a few powerful players dominating the supply chain in healthcare. Therefore it was and is crucial to continuously strengthen the capabilities of our organization to avoid risks but also to understand the scientific and patient opportunities vis-a-vis hospitals, the prescribing doctors or new schemes like PhilHealth.

Since the heart of Novartis is innovation and quality, we need to make sure that our people become the best in explaining the value of our products when used for the right patients.

Secondly for all companies (multinational and local players), following high ethical standards when doing business is of utmost importance. In the Philippines where different companies have different approaches and selling models, there are still gaps in standardizing the ethical standards in doing business within the pharmaceutical industry. When I took over the presidency of our industry association PHAP, we set in the board as our top priority the need to update our Code of Practice to arrive at standardized professional compliance standards.

Whoever works for or with Novartis knows that we apply and expect highest ethical standards in all countries around the world. Our internal policies are crystal clear and compromises cannot be made. I am very happy to say that today we are one of the leading Novartis affiliates with regards to ethical standard implementation across Asia.

Lastly, as an organization we need to be able to reach the right doctors and the right patients to create access to medicines where it is needed. When we went through our transitional phase at Novartis in late 2011 and 2012, we have mainly been working on these three elements. Today, we have an approach that is very well aligned across our organization and we have a much better ability to learn in this fast changing environment. I am convinced, that companies which are still applying the outdated business models of the past will end up in profitability and compliance issues in the Philippines.

In June 2013, you organized the 'Future Health Trends Forum II' in Makati, Philippines, aimed at discussing how well aligned government and private sector stakeholders are in the country. What were the highlights of this discussion?

This type of forum serves as a platform amongst all healthcare stakeholders to discuss the burning trends for the coming years. This year the discussion was centered around two main topics.

A first is the ASEAN harmonization and its implications for the healthcare sector in the Philippines. The different countries in the region will need to accept and acknowledge different registration procedures. At the same time we tried to assess what this means for the different market players in the Philippines as well as the other ASEAN markets, mainly because there will be free flow of goods, people, researchers, clinical studies, and so forth, similar to the European union.

The other key topic was related to the medical needs in the country today. We tried to ask ourselves how the country, with all the stakeholders in healthcare, can create better access for all parts of Filipino society. The challenge lies mainly in how to reach out to the poorer part of the population, where we spoke a lot about the role and expansion plans of PhilHealth. With our Sandoz division, the Novartis Group is providing affordable and quality medicines to the society. Therefore, it is very interesting to partner closely with PhilHealth and identify how we can support their programs with quality medicines. We have also partnered as one of the first multinational companies with Philhealth for their newly created so called “Catastrophic packages”, by lowering the prices for life saving transplant medicines, so that all patients in the Philippines, independently of income levels have access to it.

The role of generics is on the rise in the Philippines, much like in many other markets. While Novartis has its generics arm through Sandoz, this is not (yet) the case for every MNC. From a broader perspective, what do you see as a suitable survival strategy for innovative products in the Philippines?

The dynamics of the big MNCs are very different nowadays. Companies that strongly believe in research will keep bringing new molecules to the different markets. In emerging markets the advantage of single pill combinations of widely used molecules can also create a strong win-win situation for patients but also the companies developing these solutions. Novartis is the leading company in the Philippines in single pill combinations for various diseases like diabetes; hypertension and also in the future respiratory diseases to mention a few. For instance, we have a unique offering: a triple combination in anti-hypertension treatment, which is delivering currently very strong growth. These combinations are not only more cost-effective for patients, but very often the pills are smaller and easier to swallow thereby also making patients stick to their necessary treatments longer than the multiple pills they have to purchase and take otherwise.

In general you are right that there is a much bigger volume business in generics at the moment, because a large part of the Filipino population can rather afford cheaper generics. That trend was very predictable in the past and Novartis has therefore build a core business around innovation but added the Sandoz generics to be the strongest partner specifically for emerging countries.

When you first arrived in the Philippines two years ago, you made a public announcement on the intention to focus on a few therapeutic areas. Apart from hypertension, these included respiratory diseases diabetes and specialty areas. How much progress have you made in these two years and where do you see room for improvement?

It was part of the strategy to prioritize our portfolio. The Philippines has a high unmet medical need in many different therapeutic areas. But looking at the most relevant ones, these three health issues kill many patients in the Philippines, while we have innovative and quality affordable medicines to manage and control the diseases. In addition several specialty solutions like transplant, cancer treatments or neurological medicines are needed urgently as well.

We have invested a lot in the training of our employees, in new technologies to present the latest scientific data and in clinical studies, also in the Philippines, to become the expert company in the prioritized areas. Now, we are on the way to launching the next generation of products in these areas in addition to the existing ones to expand the offers to healthcare professionals.

Some of the country managers of MNCs here in the Philippines have described the Philippines as a 'prototype market', mainly because it is possible to launch new products very rapidly here. Do you look at this market in a similar manner?

The approach of the FDA Philippines is quite straightforward. At the same time I am happy to see that FDA is significantly upgrading its registration approaches which is a fundamental necessity for a modern healthcare system. The increased transparency of the procedures will lead to a more efficient registration approach moving forward and will be more and more centered around submitting strong data and evidence. Being the number one pharma company with regards to R&D investments from revenues generated, we see this very positive as it will reward quality and patient benefits arriving from clinical studies. So the "prototype" market of the past had also its challenges, which I hope will be sorted out by the upgrade. I am sure we will still have a good balance between speed but also quality.

Beyond your commercial activities, the DOH has awarded Novartis Philippines for its 'Making Health a Lifestyle' program. What made this program special?

This is an internal program for our employees, which is now being shared with other big industry players here that are interested. The program focuses on living a healthy life, which I very much appreciate and try to live myself. It starts with the very basics, from exercising to quitting smoking. We encourage using the stairs, to move more and eat (a bit) healthier. In our canteen, for instance, we categorize our food offering and provide an increasing range of healthy calorie-labeled products to choose from. We have also provided lectures and counseling, on quitting smoking for instance, which is the main reason for developing COPD.

Frankly, having lived in very different parts of the world, the Philippines is unbelievable competitive. Encouraging employees to join programs that require one to leave one's comfort zones like dieting or exercising more is always a challenge. By introducing it as a team competition, adding fun elements and tools to monitor the team performance and visibly reward achievements, does not only boost the competitive team spirits, it also creates the outcomes expected. I guess it was that visible commitment of our organization and our management team role modeling it, which put us in the winning position for DOH. They have recently also rolled out similar programs and it would be great to compete from Novartis with the DOH on healthy lifestyle.

A topic worth addressing is clinical trials, particularly if we look at the 100 million population of diverse ethnic backgrounds. What footprint do you want to leave behind in the Philippines in this regard?

Clinical research is a very important part of our strategy in the country. As a company we are convinced that we need to drive business by data and evidence. We need to be able to tell the story 'behind the white pill' which is only possible if you collect and provide data. After Toyota, we are the biggest MNC globally that invests in R&D.

We can produce a lot of data in Europe or the US, which is a good thing in itself. However, there are different genetic preconditions in different ethnic groups. Therefore, even once we have a product registered what we want to do is provide data from local clinical studies as well. This cannot be done everywhere, but in a large population of 100 million people like the Philippines, this can be an asset. Today, we are already the number one company engaged in research in the Philippines. Compared to most other MNCs, we expand significantly in research and provide Filipino data as much as possible. The Philippines has many well-trained doctors, partly overseas and partly here. The education system and research facilities are there too, and we have programs to work together with different universities and hospitals to further develop and establish clinical research sites. Furthermore, the fact that English is an official language is a major asset for running clinical studies.

Where do you hope to see Novartis Philippines in three to five years from now?

The pipeline of products we can potentially launch in the next five years in the Philippines is big. Programs like PhilHealth are also likely to provide additional avenues to achieve greater access to healthcare. Since this year we have also ensured via our industry association that all PHAP members have to adhere to professional ethical standards. This is not only leveling the playing field for all companies, but it is also a strong signal and commitment to our government, that the industry is a strong partner to the society in the coming years.

In the context of the best industry pipeline, a very professional international business model and world class talent and career development programs, Novartis will become the most powerful and professional healthcare partner in the Philippines in the next 5 years and is already one of the most attractive employers for ambitious talents.

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