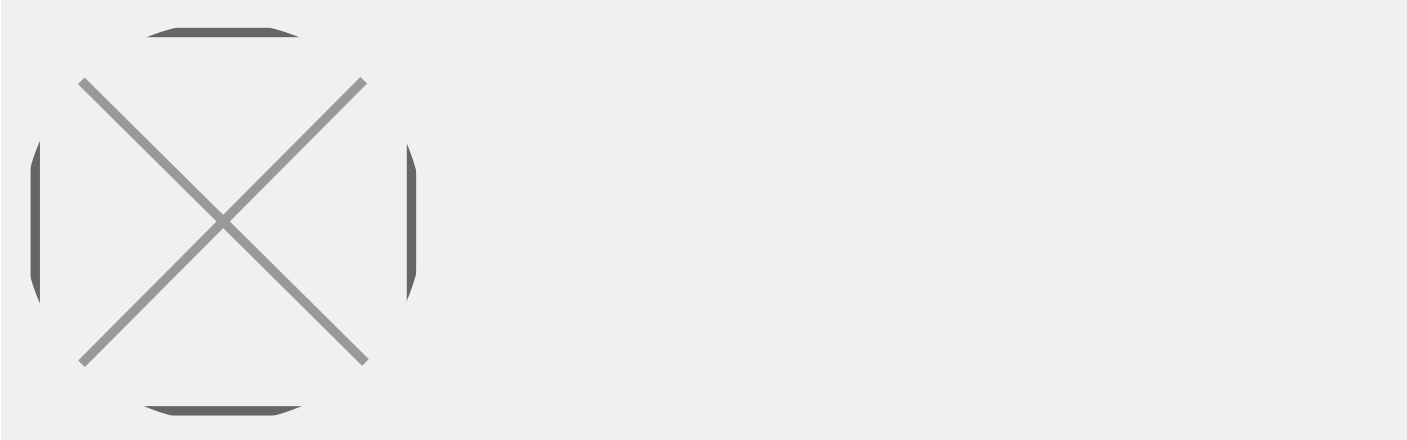
Interview with Owen Treacy, Country Manager, Novo Nordisk – Ireland



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Novo Nordisk is primarily known as the premier global diabetes player—so let us begin by examining the realities of diabetes in Ireland. In 2012, the International Diabetes Federation estimated that there were 191,380 people with diabetes in Ireland—6.1% of the population—and that by 2030, the number would rise to 278,850. How would you appraise the environment in terms of things like education, diagnosis, and access to care?

First of all, we should note that we are talking about estimates. Personally, I have seen numbers between one hundred and forty and two hundred thousand.

The issue all along has been that we do not have a diabetes register in Ireland. Hence, it is very difficult to get a handle on how large the problem is and how it is evolving. Any service plan for diabetes care should start with the basics and discern where we are currently. This is our first problem: we are a data-poor country, and, despite efforts to improve the situation, there has never been a dedicated register established for Irish diabetes patients.

We are very fortunate in Ireland to have a health system that supports patients very well, and provides them with access to innovative medicines. Decisions regarding the best product for the patient sit with the prescriber. At the moment, certainly, there is no undue influence put on that prescriber in terms of guidelines or restrictions. This amounts to a very positive environment for the patient—however, there is much work to be done. Firstly, we need to establish the register. Secondly, we need to identify undiagnosed sufferers—which could add as much as 50% to the figures. Thirdly, we must develop best-practice care guidelines, and evolve the paradigm from what

has historically been an exclusively secondary-care model to an integrated model that embraces primary care as well. This has been the ambition of the government and third-party advisory groups, and it is something that we as an industry fully support.

Of course, in an ideal scenario, developments in the diabetes sphere would be fully funded and well managed. However, we are, obviously, in a period of austerity. There is very little discretion for spending on new projects—so we are working in a very difficult environment. Nonetheless, diabetes is a focus area for the state: amongst non-communicable diseases, it ranks first in terms of precedence. If pilot projects were in the cards to develop integrated care pathways and push chronic illness management more into the primary care field, diabetes would be a very good starting point.

When discussing diseases such as diabetes, experts often comment that the cost of non-treatment is greater than the cost of treatment. Do you believe the Irish authorities appreciate this fact?

To a certain extent, I believe that they do. Certainly, there is a concrete understanding that the vast majority of the budget that goes towards treating diabetes goes towards treating complications at the end-stage of the disease.

And yet, there is very little evidence of joined-up thinking. There is a strong focus on drug costs, which only amount to about seven percent of the overall cost of care for a diabetes patient. Putting all the emphasis on that seven percent seems misguided, especially when new innovations can lead to fewer complications and fewer hospital visits. However, the savings that are accrued in the hospital environment from fewer patients accessing the emergency ward are not the remit of the persons in charge of the drugs bill, and hence are undervalued. There is no great sense of the big picture.

To what extent do you believe these challenges are unique to Ireland?

I do not believe we are unique, but I do believe that we are behind the European norm.

With that said, plans are in motion to improve the situation. I believe the political will is there, and the will is certainly there amongst clinicians. Will the finances that need to follow this enthusiasm materialize? We have yet to see. We have to be careful that we do not strip secondary care to provide more resources in primary care—this is not ideal either. We have seen the negative ramifications of enhancing primary care at the expense of secondary care in the UK, where staffing levels ultimately could not keep up with patient needs. We must instead enhance our model as a whole.

This is the government’s conundrum: if they do want to press forward this very worthy issue, then they will have to invest extra finances. The difficulty is that the benefits of improving our system will

only emerge in the long-term. Diabetes is a chronic illness and a life-long condition: you will not see a change in two or three years. Unfortunately, most governments cannot afford to plan that far ahead.

Do you see the state partnering with companies like Novo Nordisk to improve the framework? Or is it acting in isolation?

In cases like this, I believe that the government tends to listen to patient organizations much more than pharma companies or even doctors. Ultimately, patients are their voters and their electorate. If patient groups were more vocal and more supportive of these measures, then I believe that we could see political change.

A patient organization that we support, Diabetes Ireland, has established a strong public affairs function that champions the cause of standards in eye care, podiatry, pregnancy services, etc.—all of the elements that are sadly lacking within the Irish healthcare system. Their efforts have been a very effective tool in mobilizing public opinion and mobilizing support within the Irish government for better quality services.

Novo Nordisk is very well known around the world for its contributions to society. In Russia and some other markets, the company has its famous 'Changing Diabetes' bus. In Ireland, it supports patient organizations like Diabetes Ireland and educational programs like MERIT. Can you tell us more about these and other initiatives the company engages in to better educate the public?

Firstly, five or six years ago, we had the 'Changing Diabetes' bus in Ireland as well! We took it over for a week and toured around the country in a high-profile event that attracted a good deal of local attention to diabetes services. Patients got a lot of benefit out of the initiative as well.

More recently, as we have discussed, Novo Nordisk has supported the public affairs program at Diabetes Ireland. We have also realized that, if the ambition is to move diabetes treatment more into the primary care sphere—to the realm of GPs and nurses—then these healthcare providers, who are generalists by nature, would need to receive education and training. We see that there is a clear deficit here, and we thought it would be appropriate for us to develop MERIT, which helps to bring up the skill levels of nurses and GPs such that, when they are dealing with therapies for the control of blood sugar, they can have a comprehensive understanding of what to do from diagnosis through to insulin management.

The MERIT program does not specifically emphasize Novo Nordisk products, but rather mentions all options, identifying where and what type of patient can best suit each intervention. The initiative gives GPs and nurses either the confidence to continue their existing modes of care, or to adjust their behavior according to best practices.

MERIT has worked extremely well, and has also left a legacy effect. It has been a unique offering in that it is lead by clinical nurse specialists. They have typically worked in diabetes centers for many years, and bring a certain gravitas to the role. By providing education and training to one group of healthcare professionals, they can be assured that those professionals will pass knowledge on to their colleagues. This has been a first in Ireland. MERIT won a national award in its first year of launch.

Since 2006—when you became country manager of this affiliate—Novo Nordisk stock has gained more than 500% in stock value, driven largely by the growing global obesity crisis. Has the company experienced strong growth in Ireland over the same period?

Novo Nordisk in Ireland has engaged in practices throughout these years that have been similar to our global efforts. We have tried to maintain our focus on diabetes. We have invested in support and training for primary care and secondary care physicians. We have also endeavored to be seen by our customers in as positive a light as possible—as a partner, and as a company that is ultimately there to benefit patients. Products are important, but I believe that our alignment with opinion leaders and with decision makers is at least as important. We must be supportive of these stakeholders, and we try to be very close to them.

It also happens that what is best for patients is also very good for Novo Nordisk, because we can provide a suite of options that are very beneficial for sufferers. This is recognized by clinicians up and down the country. Our approach is focused on being there for the customer over the long term—which is something we have invested heavily in over the years.

From a business perspective, as the problem of diabetes gets bigger and bigger, we stand to gain benefit proportionately. In Ireland, we hold approximately 70% of the insulin market—above our 50% global average. We have also done extremely well with Victoza, which was a huge success when we launched it in 2009. We have been very profitable in Ireland.

At the launch of Victoza, an Irish newspaper quoted you in saying the product was a "milestone" for the company and for diabetes patients. Is Victoza your main growth driver today?

It certainly is. Victoza has been a remarkable success, and it has superseded our internal expectations in Ireland. Our customer base tells us that it has been a significant step forward in patient care, and that the drug offers providers with considerably more than they had anticipated. Good glycemic control with weight loss, as far as they are concerned, is the magic bullet. The once-daily injection has also been widely accepted by patients, who view the alternatives as less positive.

How important are your global offerings in hemostasis management, growth hormone therapy, and hormone replacement therapy, in Ireland?

They are important to us, but they are quite behind our diabetes portfolio in terms of turnover and profit. In Ireland, 85% of our business is generated by diabetes products, with the remainder comprised of our biopharma areas.

While going forward, we have plans to launch several new products in the hemostasis field, diabetes will remain our main growth driver for the time being.

The most recent local agreement between industry and government has been called a great boost for companies that have strong pipelines—as it leaves the door open for innovation—but a boon for those who do not. How would you appraise Novo Nordisk's future in this sense?

At Novo Nordisk, the agreement's impact is mixed. We have a number of long-standing products that will undergo price reductions in order to offer significant cost savings to the government. These reductions will obviously result in a loss of turnover to the company—which is tough to bear, to be perfectly honest.

With that said, what we lose on one hand, we gain on the other. Innovation is our raison d'être as a company, and the agreement gives us a very clear view of the process involved in getting innovative products to market. What was an uncertain outlook 12 months ago has now turned into a stable framework for all products coming down the line in the next three years. The structure offers timelines and guidance regarding when we can expect reimbursement—which, of course, is very important for our planning as an organization.

Novo Nordisk's Irish affiliate acts in concert with the UK affiliate as part of a single business region. To what extent does the Irish operation localize its activities?

As an organization, we think globally, but we act locally. In this sense, we believe that it is important to localize particular messages. The Irish healthcare system is totally different from the system we see in the UK. For instance, unlike the UK, two thirds of our patient population is private—which entails a range of disparate motivators and drivers for clinical care.

We must be able to respond to those differences. In Ireland, we have a medical and clinical team in place that can support local customers.

Nonetheless, we know that we cannot simply reinvent the wheel for every single affiliate in Europe. Hence, we do inherit a large proportion of our materials from our global team, and simply tweak and change them slightly to localize our strategy.

There have been initiatives to try to rationalize and streamline ready processes in the back office; at the same time, we have been cognizant of the fact that we need to have local input to ensure that our communications are fit for purpose in the local market.

The agreement between industry and government has provided three years of clarity. If we return in three years to interview you again, where will you have taken this affiliate?

I hope that we will continue the growth that we have enjoyed in recent years. We have been quite fortunate in the fact that while the market has contracted, we have grown. In our diabetes portfolio, for instance, we have delivered double-digit growth over the last two years—thanks both to Victoza and our modern insulins.

Our success reflects the Irish customers' appreciation of the value of innovative medicines. Modern insulins comprise 95% of all insulins used in Ireland—another difference we have with the UK. Furthermore, when we launched Victoza, healthcare professionals in Ireland immediately saw how best to use the product.

Novo Nordisk has a very strong internal culture, marked by the 'Triple Bottom Line' and the 'Novo Nordisk Way'. What is your own interpretation of these mantras and the resulting corporate environment?

I have worked in other companies that certainly have a significant cultural difference with Novo Nordisk in terms of management. Coming to this organization ten years ago was very enlightening. I found a very open, honest, transparent organization, with low levels of formality and hierarchy. There was very little in the way of empire building, and entry-level recruits could easily approach VPs without issue.

I believe that that culture of inclusiveness, supportiveness, and willingness to take risks has been fantastically positive for this company. The culture immediately struck me when I joined the organization, and differentiated the company a great deal from my other experiences.

I have personally appreciated our ethos, and I have endeavored to ensure that my team feels that they are an important part of this organization as well. Novo Nordisk is not some large monolith that sits in Denmark: Novo Nordisk is the people on the ground. Novo Nordisk is every one of its employees. In Ireland, it is my team and myself.

What is your final message to our readers?

The new agreement with the state has made the headlines, and while the major positive outcome is the three years of clarity that we have gained, I believe the deal also demonstrates the benefit of engagement between industry and government. In certain other countries, we have seen fairly arbitrary decisions by the state, which have had massively negative impacts on the industry. What we have achieved in Ireland delivers the level of savings that the government needs to generate,

but at the same time, allows the industry to shape how that may be best delivered. The spirit of cooperation and inclusivity in the process has been highly, highly positive—and I hope that it inspires the industry in other countries. To stand back and not engage is not in our best interest as pharmaceutical companies.

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