

Interview with Loretto Callaghan, CPO Head, Novartis Ireland



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Ms. Callaghan, you have been in your current position as CPO Head for Novartis Ireland for about 6 years. How have you seen the organization evolve over this period?

The most obvious evolution has been within our portfolio. Throughout my years with this organization, Novartis has continued a sustained program of investment into research and development. We reinvest 17% of our sales into research and our efforts have generated a broad and diversified portfolio, as well as a rich pipeline.

Novartis has released more drugs in the last 10-15 years than any of its competitors.

That is correct. Scientific innovation is at the heart of the Novartis. Our track record of innovation excellence has produced one of the most productive pipelines in the global pharmaceutical industry.

If we look at what we have achieved as a result of our research focus and high levels of investment, you will see that Novartis have an industry-leading pipeline with over 140 projects in clinical development. Novartis have had more approvals in the U.S. and the E.U. than many of our competitors in the Industry Over the next 2 years, Novartis anticipates 18 potential approvals in Pharmaceuticals.

For patients in Ireland, this has meant that we have been able to bring a broad portfolio of new medicines to the market such as Glivec for CML (which is manufactured in Cork), Lucentis for wetAMD and Gilenya for Multiple Sclerosis.

Novartis has a diversified portfolio, but the company has nonetheless faced the loss of exclusivity on some of its main revenue drivers, such as the key drug Diovan. Do you believe Novartis has been able to take these challenges in its stride—more so than some other players that are today tackling the ‘Patent Cliff?’

Our research is our strength. We have over 140 projects in our pipeline, many of which are new molecular entities—an unprecedented figure in the industry. I am therefore confident that we are in a good position to recover from current and future patent losses through bringing these new medicines to the market.

Since I have taken on my current role with the company, we have invested more in local research to bring these new medicines earlier to Irish patients. For example, four years ago, we had little or no clinical trials in Ireland; we now have 24 trials ongoing and we will look to increase this in the future.

Was this an initiative you personally pushed for?

Yes, and I am committed to continuing to grow this critical area for Novartis Ireland. By bringing clinical trials to Ireland, we are able to provide Irish physicians and Irish patients with earlier access to our innovative medicines. Ireland may be a small market, but for me, the decision to conduct local trials is about earlier patient and physician access as well as Ireland being able to contribute to important International Research initiatives.

Today, research is changing. We also have to produce outcomes-based research after we reach the market. Novartis has again engaged in such work locally in Ireland. I believe, we were one of the first companies to run an outcomes based trial, and our efforts in this area have been instrumental in demonstrating the value of innovation.

A number of our interviewees have raised the question of cost-effectiveness vs. affordability in today’s environment of austerity—sales managers are learning that just because a drug is cost-effective and can save money in the long run, it does not mean that payers can afford it today. Novartis faced this challenge when one of its higher-cost drugs—Gilenya—was not made available in Ireland for some time, despite its approval in the UK. What is the current status of this product?

Gilenya has been available to Irish MS patients since July 2012. Despite have proven cost effectiveness in Ireland, the process took longer than we expected and was disappointing for us and people with MS who were waiting for Gilenya for some time. However, we have, as an Industry

been able to agree a way forward with the Department of Health which includes new processes and procedures for the timely access to innovative new medicines such as Gilenya in the future.

Do you see evidence of joined-up thinking on the part of the government, in terms of acknowledging that investing in high-cost drugs can save funds in the social sphere, especially when sufferers of debilitating diseases like MS are able to return to work and pay taxes?

Because of the difficult economic situation that we find ourselves in, many officials have been forced to think within a short-term time frame. The state is concerned with staying within next month's budget. Unfortunately, life does not work like that and you may ignore or miss out the real value that a new medicine can bring to both the patient and the state and ultimately bring about considerable savings in the mid to longterm.

I think that one of our biggest challenges for us as a country is understanding the importance of thinking more long-term on healthcare. The will is clearly there, on the part of our current government, to improve healthcare provision for Irish people, but I believe that there is more that has to be done in this regard.

Is the three-year window of stability that has been afforded the industry via IPHA's latest agreement with government good enough? Put another way, is it fair enough, given the country's fiscal position?

400Mn EUR in savings will be delivered by the Industry to the state as a result of the latest Supply Agreement that was reached during 2012. This 400Mn EUR is in addition to the 600Mn EUR that the Industry has provided in savings since 2006. We have been able to deliver these savings through a series of price cuts most notably on those products where the patent has expired. However, this significant level of cuts could not be delivered without impacting on all Pharmaceutical companies and their employees.

At Novartis, we have had to re-look at the way that we do business and in particular at how we ensure that Irish patients have access to new medicines.

Importantly, in this agreement, new processes and procedures for the timely access to new medicines have also been put in place.

What work is Novartis doing with patient organizations in Ireland?

We work very closely with all stakeholders including patient groups. We particularly focus our work together on increasing disease awareness and education.

One example is Wet AMD, which is a form of blindness. We support initiatives such as AMD Awareness Week which has been running for 6 years and aims to convince people, who otherwise would not have acted, to visit their physicians and prevent blindness through early intervention and thereby avoiding the costs and consequences of a devastating condition. We support these patient groups with a range of disease focused initiatives as we do with Multiple Sclerosis, Asthma, Cystic Fibrosis, Cancer and other patient groups.

My belief is that patient groups, as the voice and advocate for the thousands of people who use our healthcare service every day are a very important influencer in the overall provision of healthcare in Ireland.

How would you broadly appraise Ireland's provision of care to patients?

The Irish Healthcare system has come under a lot of criticism lately, some deserved and some not. Personally, anytime I have interacted with the system I have been impressed with the quality and care from nurses and doctors. Does that mean the system is working fine, no. For the health system to be effective, it needs to embrace change. Changes in work practices, changes in technology and changes in expectations of what they and the system can deliver.

At Novartis we have faced significant and sustained cost-containment measures and other challenges which have meant that we have had to change the way that we do business.

Part of that change has been the necessity to drive productivity initiatives and to reallocate resources across the organization so that we can continue to invest in research, scientific education, patient support and clinical trials.

This is a very interesting point—that perhaps government can take a few pointers from how business has acted in this period of cost-containment. Can you tell us more about your own streamlining measures?

We have driven productivity initiatives and streamlined our processes and sought to use our resources much more efficiently.

With this approach I have been able to evolve the organization. The organization that we had six years ago was very different from the Novartis Ireland of today. We have had to develop new capabilities, re-train our employees, and become extremely agile in our approach.

What does this organization stand for, in your view?

We are committed to research, developing and bringing to the market medicines that make a difference to patient's lives. We are also a business, and we expect to drive revenues, but we do so reasonably, respectfully, and in partnership with governments and other stakeholders.

People come to work for Novartis because of our rich portfolio. They are energized by the possibilities they see for this company, and the transformational effect that our drugs have on people's lives.

We also place a great deal of importance on corporate citizenship which is evident from our Global CSR program which has been active for more than a decade.

Locally, we run a community partnership day every year where we encourage all employees to all give up one day to their community.

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