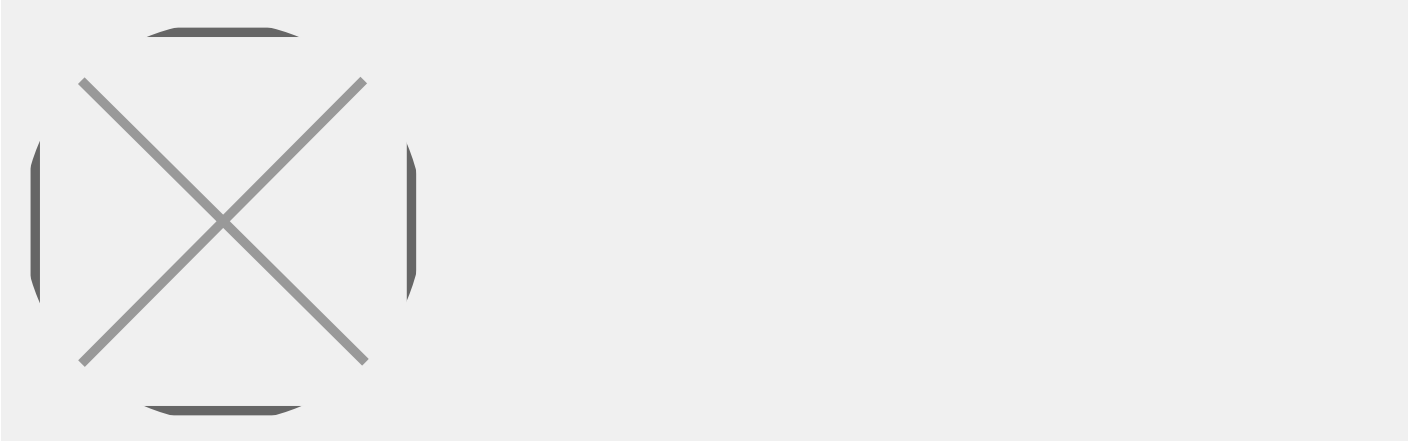
Interview with Luciano Marques, Novartis South Africa



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Having spent two months as the head of Novartis South Africa, what is your first assignment as General Manager, could you share with our readers what were the surprises for you in South Africa?

Because of my previous exposure to various markets, I was anxious about what I would find in South Africa. It is an exciting time to be here, considering the transformation currently taking place in the healthcare environment.

Novartis can be part of this change, and I hope that sharing my experience from other markets, can be a positive influence. I am happy and privileged to be part of the change taking place in South Africa.

Since my arrival in South Africa ago, I have been in touch with many customers and it has been an interesting experience. As I am a Brazilian, I am often asked about the Brazilian healthcare system; and having spent the last few years in Spain, I am also asked about the Spanish system.

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South Africa is widely perceived to be an unpredictable and challenging market. How are you adapting to the changes in the market and would you say that Novartis has the tools to prepare and adapt to the changes?

Novartis is uniquely positioned both globally and in South Africa. The company is not only focused on one area in the healthcare business; it has a broad offering. We have a strong presence in preventative medicine with vaccines in generics with affordable treatments, in innovative pharmaceutical medicines, in self care with consumer health preparations, as well as in animal

health care. The recent merger between Alcon and CIBA Vision has strengthened our eye care business.

Novartis can facilitate the change by identifying the needs in the market, understanding the objectives and collaborating with all health stakeholders to achieve the goal of improving access to healthcare for all.

What is the role played by the various business divisions within Novartis in South Africa?

The break-down of revenues from the various business divisions in South Africa is similar to that of the global businesses of Novartis worldwide. Pharma is the most important division within the group, generating around 60% of the revenue. The second largest business is now eye care through the merger between Alcon and CIBA Vision.

Sandoz, the generics division is the third largest business for Novartis. In emerging markets, including South Africa, generics are more important than in developed markets.

Vaccines, diagnostics, animal health and consumer health, follow thereafter.

The business model of leading in both innovation and generics through Novartis and Sandoz has been inspiring many pharmaceutical organisations worldwide. Could you tell us the benefits of this model in South Africa?

Novartis decided to implement this model a long time ago, and many companies are following the same trend. The history of Novartis is interesting. The company spun off its chemicals business, its agro business, as well as its baby care division, whilst broadening its focus on healthcare through strategic acquisitions with other healthcare partners.

How would you describe the synergies, management structure and organisational structure between Novartis and Sandoz in South Africa?

As country president for Novartis South Africa, I run the country management committee, which brings together the different divisions, including Sandoz, to discuss common issues as a group. Under an initiative called “Customer First”, all divisions collaborate on initiatives that prioritise the customer. It is imperative that we collaborate and maximise the group value.

The strategy in South Africa is aligned to the global Novartis strategy.

In the 1990s, South Africa counted almost 50 manufacturing facilities in the pharmaceutical sector. Today, only a few remain. Why would you say Novartis belongs to those who chose to stay?

It is clear that South Africa is well positioned not only as an economic gateway but also as a healthcare hub for the rest of Africa. South Africa has a population estimate of 50 million people.

The implementation of National Health Insurance (NHI) will broaden the access of medicines to more of South Africa's citizens. Only 8 million people are currently covered by private healthcare insurance. An additional 42 million people can have more access to medicines through NHI. Broadening access to healthcare is totally aligned with Novartis' mission of caring and curing.

What is the importance of the other African countries for Novartis?

Novartis is a multinational company with a presence in 140 countries. The decision to explore potential business opportunities in Africa is a strategic one. It is not about expanding the size of the market, but the long-term benefits of the role Novartis could play in Africa in the future. It is therefore critical that Novartis gains a deep understanding of developments in African markets.

Furthermore, Novartis has established a plant in Africa to discover drugs for subtropical diseases. This shows Novartis' commitment to fighting diseases of developing countries. The opportunities for economic development in South Africa are a reality, as it is part of BRICS.

Novartis has a long history in South Africa, plays a crucial role in the fight against Malaria, and has made a strategic decision to have manufacturing operations in the country, through Sandoz, the generics division of Novartis. How much of an advantage does this give you in this market?

Novartis is highly committed to being socially responsible in South Africa and will seek opportunities to partner with the government to reduce the country's burden of disease.

In 2011, Novartis spent around 1.7 billion dollars to support corporate social responsibility (CSR) programmes globally. South Africa also benefits from some of these initiatives which include patient access programmes that provide life-saving medicines for leprosy, malaria, tuberculosis (TB) and some forms of cancer.

What are the main therapeutic areas that Novartis South Africa focuses on, in 2011 and which ones will drive the growth in 2012?

Novartis has a strong focus in non-communicable diseases which are listed as a contributor to the country's disease burden and are a priority for NHI. We have innovative products for the treatment of hypertension and diabetes, and a strong product pipeline in respiratory diseases, with new products to be launched in the near future. Our rich pipeline and our people are the main drivers of growth for Novartis in South Africa.

Our strategy is not only to bring innovation to primary care markets, but to also be a leader in the specialty care market.

Novartis received three Scrip Awards in 2011. Amongst these was an award for Best New Drug received for Gilenya, the first oral disease-modifying therapy for relapsing forms of multiple

sclerosis, which today benefits a lot of patients.

What growth potential do you see for Novartis in South Africa? What objectives have you set for the company?

In 2011, Novartis launched numerous products into the market worldwide, and we look forward to launching some of these products to benefit patients in South Africa in the future.

We anticipate Novartis to grow faster than the market over the next few years. We will be amongst South Africa's top three companies in the next three years.

What are the key learning's from your past exposure to international markets?

Diversity is the key, as it can bring many perspectives on the same issue. When I was in Spain, I had a diverse team from different cultures and nationalities including the locals, people from the US, Latin America, France and Holland. This diversity was the main drive behind delivering innovative healthcare solutions that addressed the patients' needs. I believe in high performing teams, and diversity helps to build performance.

Moreover, patient centricity, and being customer focused, is also crucial. If you manage to communicate this philosophy amongst the teams, you get the most out of them. I believe that managing people is about getting the best from different cultures, building high performance teams, integrating them within the company, sharing common values as well as aligning your work with the company's vision. If you are able to do that, your company will outperform the market.

During my second week in South Africa, I embarked on a road show to Durban, Cape Town, Port Elizabeth, and Bloemfontein, This trip had three purposes: to gain insights from customers and the market, to learn about NHI, as well as to meet with my teams.

This was a starting point; if you want to build a strong vision, you need to know your customers, your teams and the needs of the patients.

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