Novo Nordisk – Kåre Schultz, Global President and COO



03.12.2014

Tags: Novo Nordisk, manufacturing, export, regional, diabetes, insulin, market access, access, pricing, regulation, government, doing business

The global COO of the multinational at the forefront of the fight against diabetes explains why the Algerian market is so strategically important and how the 'made in Algeria' brand would have real potential at the regional level if only the government would remove impediments to export.

As COO of Novo Nordisk, what is your evaluation of the Algerian pharmaceuticals market?

Novo Nordisk has been at the forefront of the fight against diabetes in Algeria for many years, so we view the market very much from the standpoint of helping people with diabetes to have a longer and better life. In Algeria, and across North Africa as a whole, we identify a large and growing patient population with a substantial unmet medical need for optimal therapy. For Novo Nordisk, therapy constitutes of not just intervention and management of the disease, but also the preventative steps governing diet and exercise and early diagnosis. In Algeria, there are needs and opportunities in each of these areas.

Diabetes is a very widespread disease that can potentially be treated to the extent that you can more or less achieve normal life expectancy without severe complications provided the illness is properly managed. Failing to treat diabetes however leads to severe consequences from blindness to kidney failure to amputations. It is therefore an issue of great concern not only for Novo Nordisk as private-sector providers of therapy, but also for the Algerian authorities in terms of public health policy.

The difference today compared with 25 years ago is that the population growth has been dramatic and so too socio-economic change with increased urbanization and industrialization. Lifestyle changes associated with these phenomena, whether increased pollution or poor diet, are driving the incidence of diabetes to the point where it has now reached “epidemic like” proportions. We are talking about a big-scale problem affecting millions of people where our intervention can concretely improve people’s livelihoods. Our objective is to ensure that an expanding patient group is taken care of in the best possible manner and to establish a sustainable business in the region. With the Algerian market we see an opening to realize these twin goals.

What is the strategic importance of Novo Nordisk’s Algerian operations at the global level?

From a global management viewpoint, we think about these issues across two dimensions. Firstly we look for the high value generating business right now which tends to be in high end markets such as North America, Switzerland and Japan, and top tier emergent markets such as Mexico and Brazil. Secondly we look for the places where there are considerable unmet needs and spiraling demographic growth. Algeria falls into this latter category where there is substantial current demand and even greater future demand. In all of these countries, we strive to establish ourselves as the leaders in countering diabetes and as the lead partner alongside the governments and associated stakeholders in treating diabetes. We very much see ourselves as bringing innovation to the marketplace in places like Algeria in line with the countries’ GDP growth.

You obviously have finite resources at your disposal and have to take hard decisions concerning where to and where not to invest. Where does Algeria lie on your order of priorities?

Algeria is, without doubt, one of the strategic markets in Novo Nordisk’s portfolio of emerging markets worldwide. In our way of structuring the business, the emerging market portfolio accounts for some 4.5 billion inhabitants and Algeria is one of the key contributors to that equation. Algeria is unequivocally the lead market for us in Africa.

It’s always vitally important to establish a footprint early on as this is the only effective way to connect to the authorities and patients and really understand the dynamics at play in a country. There are different ministries, different social security systems and key opinion leaders in every market and if you want to truly integrate with them and work to improve the system then you have to do it from the inside. You need to have people on the ground that live and breathe that local situation.

You have mentioned that it is not only important to deliver a top-of-the-range product, but also to work in collaboration with the medical community, state and other key actors. How supportive do you find the government in Algeria, and how receptive are the other stakeholders in Algeria?

For our two core therapeutic areas in Algeria – diabetes and hemophilia – I have found the government to be extraordinarily receptive and supportive of our initiatives. I am confident that they understand the gravity of the situation and are committed to facilitating real transformation. They know they have to consistently improve the level of healthcare for these types of chronic diseases and are more than willing to engage in constructive collaboration to achieve this.

There is also a clear understanding on the part of the authorities of what we can bring in terms of optimized operations, innovative treatments and rigorous standards. Globally Novo Nordisk makes all of its products to the same standard irrespective of where they are manufactured. We maintain a single quality standard for all of our manufacturing sites worldwide. If a site is unable to attain that level of specifications, then we will prevent it from producing until the necessary improvements have been implemented to bring it up to scratch. The government seems appreciative this level of rigour, and hopefully we will even have contributed towards raising the benchmark for good manufacturing practice within the country.

With your global perspective you can compare what's been happening here with what's been happening in other countries where you have established local production facilities. How easy has it been here in Algeria to attain the necessary level that you have just referred to?

It has been easier than I initially feared and we are immensely proud of what we have achieved thus far. The products that we are manufacturing in Algeria are of a very high standard indeed. Compared to other countries that we have entered, however, the Algerian market does present some fairly unique challenges and we are still in the process of identifying ways to surmount them.

One challenge that we are facing, for example, is the barriers to export. Logically and economically speaking, it should be of high concern to the Algerian government that we are able export our products to neighboring African countries yet, in spite of this, the administrative complexity of doing so is prohibitive.

For our part, we have declared our willingness to export and already have sales and marketing operations up and running across Africa so that the distribution-side is already in place. What's more our Algerian facility is the only one globally that manufactures metformin, and we are

naturally extremely keen to share this excellent product across other markets, especially those in the MENA region. It is not essential that we do so because the Algerian market is big enough on its own to make our manufacturing viable, but it would be a win-win scenario that would literally benefit everyone.

To my mind, the Algerian government is missing an opportunity by having administrative hurdles for companies to export out of Algeria. Facilitating export would enable companies like ours to deliver a range of solid benefits to the country: raising employment, improving the balance of payments and enabling Algeria to consolidate its position as a regional leader.

From the outside looking in, it is indeed a very peculiar situation when a country renders it easier to import than to export. Development models from across the world from China to India to Mexico testify to the national benefits accrued from having a strong export sector. The irony is that the "made in Algeria" brand has great potential if only the state would allow other markets to familiarize themselves with it.

What was the reasoning behind locating your facility in Tizi Ouzou?

We always like to have our main manufacturing facilities away from the capital city and instead in a regional centre where we have a better chance of linking up with educational institutions and local employment. That way, we can play bigger role in supporting local society and spreading wealth across the nation. People outside of Algeria tend to have a misconception about the security scenario within the country. In that sense we are supporting the government by being in an area where many people are afraid to go and by demonstrating that the reality on the ground is very different from many people's perceptions.

You also work closely with academia and local research institutions. Tell us about that.

Our interactions with academia work two ways. Firstly we involve key opinion leaders in advisory boards so that we ensure that we advance all our diabetes products and the research portfolio in a harmonious and holistic way that takes into account the considerations and priorities of the nation as a whole. For example, for one new diabetes product that we've just introduced to the market, we actually conducted a Ramadan study in the Muslim countries where we operate. By leveraging the input of local academics, diabetologists and hematologists to enhance our global research studies we can add significant value.

Secondly we collaborate with the local clinical research teams in countries we operate such as Algeria so that they can conduct clinical trials on drugs that have not yet been approved and

through that benefit from early scientific insights and opportunity to work with latest innovations. Obviously those new medicines don't succeed every time, but by participating in the clinical development of new medicines, local doctors upgrade their medical knowledge to the benefit of their patients and society.

How do you see the Novo Nordisk product line compared to competition?

It's second to none not because we have the number one product in each and every category, but because we have what can be termed a world class product in each category – either within the market, or about to get on the market or in phase three trials. None of our competitors enjoys such as broad and comprehensive diabetes portfolio. In that sense, we are very optimistic because we see ourselves within the next ten to twenty years feasibly delivering a number one or number two product for each and every category. It is precisely because we have this long term future in place that we can justify the sort of investments we are making in countries such as Algeria. Local stakeholders should know we are more committed to diabetes than any other company in the world.

What are your priorities looking forward?

Any growth in commercial and manufacturing competency takes time. There is no nirvana scenario overnight. To properly put in place these sorts of infrastructural investments takes patience and perseverance. Within the next ten years, we want to add more product lines to the manufacturing base and to expand our reach so as to be able to export to other African markets thereby increasing the local labour pool and manufacturing capacity. We also hope our partnership with Saidal for in-country manufacturing of insulin will bear fruit by touching the lives of many patients while simultaneously radically improving Algeria's insulin security outlook.

Our forecasts tell us that there will be gradual improvements to the country's healthcare system with enhanced diagnosis and after-care in the disease areas in which we operate along with stable pricing. Under those conditions it is realistic that Algeria can become our regional hub for a big chunk of Africa.

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