

# Interview: Patrick Errard, General Manager, Astellas France; President, LEEM, France

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*The general manager of Astellas France and president of LEEM,*

*the French Pharmaceutical Companies Association, reveals how the pharmaceutical industry worldwide has to take into account what is a fair price for innovation, the sum of a value price, based on what you are providing for the health of a population; why the two characteristics of the French pharmaceutical market, both its size as well as a high level of innovation, make it an attractive market; and how Astellas France achieved 22 percent growth over the last year, making it one of the group's best performing affiliates in Europe.*

**2014 was a successful year for the Astellas group, with sales increasing by 9.4 percent and operating profit increasing by 16.2 percent. What have been the key developments and achievements for Astellas in France over recent years?**

In 2005, with the merger of Yamanouchi and Fujisawa, our sales turnover in France was 165 million euros (USD 183 million). Ten years later, our sales turnover is over 300 million euros (USD 333 million). Today we employ 260 people in France and this year we achieved 22 percent growth, making us one of the group's best performing affiliates in Europe. Over the past ten years we have launched nine products, with an average of just under one product per year. We have launched a large number of innovative drugs into our French pipeline. The recent launch of our Xtandi drug, for prostate cancer, is one of the big drivers of our growth. A big challenge when you are piloting a

subsidiary can be that your growth is sometimes offset by patent losses from a blockbuster product. This is not the case for Astellas. We have products that are well stabilized, strong trademarks that are used as gold standard. Our pipeline, especially in neurology, transplantation and infectious disease, is made with particularly innovative drugs and the lifecycle of such drugs is rather stable.

**From an outside perspective, France is viewed as the fifth biggest pharma market in the world, the second biggest in Europe. From a French standpoint the pharmaceutical market has been viewed from the perspective of job cuts and high pharmaceutical prices. How would you characterize the French pharmaceutical market?**

The French pharmaceutical market is driven by two components. Firstly, it has a certain size, and volume attracts size. This is linked to the size of the population as well as our history as a country that places tremendous value on its healthcare system. French people take good care of their health and our health culture certainly makes us an attractive pharmaceutical market. The second factor which is an important component of our system is that we still have a good level of access to innovation. Not merely drug innovation, but healthcare innovation more largely. We were, for example, the first country in the world where a mechanic heart transplant was conducted. France remains a land of innovation. While there are plenty of actions we could take to attract further investments in this area, the French people are still recognized for their creativity and innovation, something which is part of our DNA. For the time being, our healthcare system has the ability to sustain a high level of innovation. The pricing of innovation is a worldwide issue, not a specifically French one. The pharmaceutical industry worldwide has to take into account what is the fair price of innovation, a question that we can no longer ignore. The two characteristics of the French pharmaceutical market are both its volume and size as well as a certain trend towards welcoming innovation. French people believe that innovation is something that belongs to our society and is something that must serve the quality of the healthcare system.

**How do you establish what is a fair price for innovation?**

The price of innovation is the sum of a value price, based on what you are providing for the health of the population. If you are treating lung cancer and you develop a product which indefinitely cures this disease, you have a price value that you can evaluate because you are changing the paradigm of the disease. The efficiency of the drug you are putting on the market must also be considered. If you have a drug which solves a disease altogether, you are solving a healthcare issue which is costing the government considerable sums of money. You must take into account the benefit of such innovation when valuing the price of a product. This is what pharmacoeconomics look to do, allowing us to converge on the fair price of a product.

## **What would you say is driving the dynamics in the French pharma market?**

We have a market that is driven by a high level of regulation, which brings both advantages and disadvantages. The French healthcare environment is regulated by a large administration which adds an element of complexity to the system. The price constraints on the system are considerable. Over the last few years a disproportionate level of pressure has been placed on the pharmaceutical system as a means to reduce France's social security budget. France has also been slow to adapt its healthcare system to new technological developments. We still have the same hospital network developed in 1945, where each village wanted to have its own hospital. If we want to gain efficiencies and reduce the costs of our system, we have to adapt our structure to new technologies.

## **In this cost cutting environment, how does an innovative based pharmaceutical company, such as Astellas, have to adapt its business model?**

We have to develop our products taking into account the optimal population that can benefit from our drugs. This is what we are doing by developing our products with companion biomarkers. For Astellas, the R&D paradigm has changed. Using predictive medicines, we adapt the development of our drugs to responders and patient characteristics, making our innovation more efficient.

For Astellas, the R of R&D is concentrated primarily in Japan, the US and certain European countries. The research side is based in certain geographies, concentrating skills, competences and money in a limited number of locations. The D of R&D is global, involving all subsidiaries, where we adapt the protocols to market needs, taking in account the pharmacoeconomics.

## **How would you evaluate France's R&D capacities?**

France's strength is linked to the quality of its public research environment. The competencies of people in the French health system are extremely high. This country has a certain level of knowhow which companies cannot escape from. This is the main reason why companies invest in France. We try and work with the authorities to facilitate the administrative burden on the system, to restore the attractiveness of the French system in R&D

## **At a time when many headquarters are questioning France's attractiveness and competitiveness as a pharmaceutical destination, how does a Japanese headquartered company view France?**

One of the biggest qualities that the Japanese possess is that they do not employ clichés. They look at the quality of the French people, and are keen to invest in our country on this basis. They

foresee France as a future market more oriented to personalized medicine than primary care. They see our healthcare system as being one of the best in the world, and look to use such quality to develop drugs that can be an example to the rest of the world. They do recognize the continuous dialogue between pharmaceutical industry and the Government. They believe that France is a country that cannot be ignored. While they are also aware of our handicaps, with regards to attractiveness and competitiveness for example, the culture of the Japanese is more to admire people for their qualities rather than criticize people for their faults.

**What would be your final message for our readers?**

You must trust in the value of your products. We need to stand-up and fight for the health of patients, in whatever, capacity, be it a doctor, a pharmacist or a journalist. We are doing one of the most wonderful jobs one can do, and we have to be proud of what we are doing.

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