Maziar Mike Doustdar – Executive Vice President of International Operations, Novo Nordisk (Part 2)



The four 'must win battlegrounds' are about ensuring better treatment for patients through raising greater awareness [of diabetes], attaining better access to care, delivering launch excellence for innovative products and sourcing the very best human capital for taking us forwards

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In part two of an exclusive interview, Novo Nordisk's Maziar Mike Doustdar expands on the potential of emerging markets to foster innovation, managing risk, local partnerships, and the company's unwavering commitment to fighting diabetes.

To what extent can immature markets become sources of innovation in healthcare technologies? Does limited infrastructure not offer new opportunities to invest and test out alternative approaches?

There's certainly something to be said for that. Markets lacking infrastructure and clear access paths require pharma companies to forge new roles. When confronted with that kind of situation, you won't get anywhere by sticking to your usual 'bread and butter' function as a purveyor of pills. It's no use supplying the therapies if no one can afford them or if no one understands how to handle them. Instead, the pharma companies have to start concerning themselves with actual health outcomes and extend the range of their competencies to empower, mentor and partner with both the medical practitioners and the patients.

To give you a practical example from the field, when fighting diabetes in places like Ghana and Kenya, it doesn't suffice just to set up a local representative office, import your products and invest in a sales force, because you will encounter a whole host of externalities that you will need to

proactively concern yourself with mitigating. It may be that there are no cold chain trucks to ensure that the insulin you are distributing to the pharmacies is maintained at the correct temperature. The next challenge could be that the pharmacies don't possess adequate cold storage; necessitating that you furnish them with refrigerators. Even then, you might find that frequent power outages are damaging the stock to the point that you need to additionally help supply them with generators. Then you find the generators are being stolen during the night. The variables are endless and each of these situations will require a locally adapted, tailor-made responses and improvisations. There is therefore plenty of scope for testing out innovative approaches and fresh ideas.

How then do you practically go about managing risk to reconcile what you have in your portfolio against local public health priorities, capabilities and patient needs? And how do you ensure that you can make the leap from volume sales into sustainable profits?

The hallmark of our success is that we never leave any tier behind. Today's salaries might be overwhelmingly paid for through our activities in the tier one countries, but we will soon see our tier two investments bearing fruit as well and I am confident that my successors will also reap a windfall from the progress we are realizing on the ground with the tier three markets.

We also measure our success by our societal impact. The bottom line is that we have a major societal responsibility to be there for patients irrespective of their postcode. Just because some diabetics live in problem afflicted, and in some instances war-torn countries, there is no justification for leaving them behind. We of course recognize that some of our innovative products will do much better in countries that have a proper functioning healthcare system and are able to reimburse the product, but for the others we have to make alternative products available to match where patients are in terms of their purchasing ability. It may well be that we are not able to place our very latest molecules in markets that cannot afford them or do not have the appropriate infrastructure to handle them, but we will nevertheless have some sort of quality product within our portfolio that is appropriate to their needs and capabilities. This is what we often refer to as the full portfolio of treatment options, which Novo Nordisk is providing.

Nigeria is an example of a comparatively rich country, owing to oil wealth, that has unfortunately been struggling to develop a fully operational healthcare sector and is a difficult and burdensome place to be doing business. Pharmaceutical producers like us thus have a choice to either abandon 180 million people and wait until the local environment becomes more business friendly or to get

down to work and start offering what we can within the limits of the contextual environment. Novo Nordisk's pathway is always the latter and it's actually one that pays off very well over time just as Novo Nordisk lives up to its societal responsibility. It is a win-win for everyone but you need to have a long-term perspective.

Can you give us some specific examples of this strategy paying off?

Absolutely. Novo Nordisk has operated a Chinese affiliate since 1994, so we were ready and waiting when the dragon awoke. Back then no one else dared to come because of concerns over the ease of doing business. We were a first mover and our commitment has been handsomely rewarded: people cannot understand how a small Danish company has come to be a market leader in the Chinese insulin market.

By following the patients wherever they are and by daring to tread where others refrain, we are able to lay the foundations for fruitful partnerships. Governments, patients and physicians remember that we did not close the shop when the going got tough. We still maintain a lot of people on the ground in Syria and Libya when virtually everyone else has long packed up and gone. I am confident we will be able to realize a thriving business in both countries in the decades to come as a company that honors patient-centricity.

You spoke about maintaining a broad portfolio of products, which includes some of the less sophisticated therapies more appropriate to high need, but low capability tier three markets. I notice that nevertheless Novo Nordisk actually has a surprisingly strong track record in carrying out 'first product launches' within the IO region and that some of your most advanced technologies often even find their way into underdeveloped countries where you maintain a presence.

That is indeed the case. One of our most innovative products ever, Ryzodeg, was actually first launched in Mexico. Then we have many IO markets where, unlike most multinationals, we offer a full spectrum offering. Bangladesh is a good example. By UN classification this is a country assigned Least Developed Country (LDC) status and yet we deliver a broad range of products catering to all elements of the local market. At the lower end of the spectrum, Novo Nordisk has joined forces with a local partner to put in place a local manufacturing facility that today produces insulin vials at extremely affordable prices.

At the same time, we have launched our latest next-generation insulin drug, Tresiba, reflecting the dynamics of a country of 161 million people. In an economy like Bangladesh, with a limited public purse, Tresiba is not reimbursed and individual patients are required to pay for it out of pocket. Many Bangladeshi patients cannot afford this, but it nevertheless makes sense to provide it for those who can, especially given the transformative impact it has on patient lives. In this way, we offer something for all types of diabetes sufferers and are intentionally set up to be a partner to this breadth of diversity.

Novo Nordisk produces around half of the world's insulin and we are also by far the biggest generics insulin company which allows us to be very successful even in places like India where many innovation-driven pharma firms tend to get a rough ride. This is one of the best examples of the versatility and multidimensionality of our product portfolio.

What exactly can a company like Novo Nordisk learn from its longstanding and prolonged engagement with emerging markets?

We have learned that diabetes is no longer a rich man's disease as commonly perceived. There is a direct correlation between prevalence of diabetes and the urbanization that tends to characterize emerging economies. Sedentary lifestyles and unhealthy diets often involving increased accessibility to affordable fast food have conspired to make type 2 diabetes a disease of epidemic proportions. Increasing prevalence of type 1 and 2 diabetes across the full range of IO markets demonstrates that this is a disease that no longer discriminates according to wealth or class.

Secondly, we have learned that emerging markets are diverse landscapes encompassing a wide variety of needs and profiles. They are categorically not places where people only desire and can only afford cheap human insulin vials. Provision of human insulin is, of course, massively important, but these are markets that can also, in many instances, absorb a much broader and technically advanced offering. Failing to appreciate this would be to misread market realities and to fail to treat patients to the very best of our abilities. I advise other pharma companies to take note of this point.

Many pharmaceutical innovators have found that attentiveness to forging local partnerships is especially important when trying to break into and navigate emerging markets. What is Novo Nordisk's own experience on this front?

In our main line of business, the battle against diabetes, partnership formation is absolutely crucial. Diabetes has become so seriously widespread that it is impossible for a single entity, whether public or private, to solve this issue on its own. Wherever we operate we seek to join forces with a wide range of stakeholders encompassing governments, patients, practitioners, academia, the media, and civil society.

In IO countries the need for partnership is even more pronounced because their rules, regulations and customs can be rather opaque to an outsider looking in. Emerging markets are often black boxes and you need guidance from insiders that will explain how things work on the ground. The end product is often a marriage of culture in the sense that, for a company like Novo Nordisk, with its own distinctive corporate ethos, we find ourselves having to explain to them our own way of working.

In IO markets we would typically look to partner with the ministries of health, finance, and labor; with patient and pharma associations; and often with local government entities or mayors. Collaborating with local universities is also often important to us, as much of our early work tends to be dedicated to raising awareness and education about the disease and the therapies being provided. In Algeria, we have even partnered with local religious leaders with a view to promoting regular eating patterns for diabetics during the holy month of Ramadan.

Some pharma companies would attain the requisite local market expertise inorganically through mergers and acquisitions rather than just partnerships. This is not Novo Nordisk's style, however. Why not?

Throughout our history we have always been very organic. We have largely skipped the deal making frenzy of the past five years that has characterized big pharma. We, of course, do make a point of acquiring new technologies when they prove relevant and complementary to our existing capabilities, but we have never had an appetite for mega mergers and acquisitions. Our philosophy is rather to concentrate on the one, two, three things that we can be uncontested 'best-in-class' in rather than spreading ourselves out thinly covering the six or seven or eight things that we would be mediocre in.

When we do develop new capabilities, then we generally strive to do that from the grassroots up organically and in partnership. A while ago we reflected upon the areas were we could really demonstrate prowess and could consistently deliver better solutions than anyone else and that turned out to be diabetes, which is what we are renowned for today. The benefit of organic growth

meanwhile is that we have successfully managed to keep our corporate ethos intact: wherever you encounter Novo Nordisk today, you will find an identical business culture, identical operating procedures, and identical mindset. This has in itself become a source of our inner strength.

What would you say are your main priorities looking forward?

We need to stick the course and keep on plugging away at what we are doing. The four ‘must win battlegrounds’ are about ensuring better treatment for patients through raising greater awareness about this disease, attaining better access to care, delivering launch excellence for innovative products and sourcing the very best human capital for taking us forwards.

The priority is very much to combat diabetes. Some people have difficulty understanding why Novo Nordisk is one of the biggest spenders in searching for a cure for diabetes. From an economic standpoint this would not makes sense as it would be making much of our business obsolete, they point out. That however, is to fail to understand the Novo Nordisk mentality and what we are all about. If somebody ever finds a cure and it was not us, that would be a source of deep embarrassment to us. We have made it our lives’ endeavor to surmount this disease and are ready to go wherever the patients are to be found.

To read part one of this interview click here.

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