Interview: Heidrun Irschik – CPO Head & Country President, Novartis Czech Republic



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The country president of Novartis Czech Republic explains the strategy that led the affiliate to become the number one pharmaceutical company in the Czech market, highlighting the significance of her team in accomplishing 8.4 percent market share. Furthermore, she shares news of recent significant investments into clinical trials and a shared service center.

Novartis enjoys 8.4 percent market share in the Czech Republic, what was your strategy that led the Czech affiliate to this great success?

The strategy, which allowed our group to gain 8.4 percent market share is substantially aligning with our Novartis global strategy, which focuses on the transformation of our pharmaceutical portfolio split into three areas: Innovative Medicines (General medicines, & Oncology) and our sister companies Sandoz (Generics & Biosimilars) and Alco (Eye Care). Complimentary to our strategic portfolio focus, we are excellent in positioning ourselves as the prime partner of the payer; at Novartis, we take pride in being a reliable partner, understanding the situation, perception and perspective of our counterpart responding with the establishment of a superior team understanding subsequently arising needs capable of reacting appropriately to it. This allows us, for instance, to ensure that the time needed to be placed upon the reimbursement list is close to industry average—with few exceptions such as highly innovative treatments where there is no reference available.

The Czech Republic has a unique combination of reference methods, especially when it comes to reimbursement, creating unusually high price pressure compared to the rest of Europe. How do you navigate your operations around this price pressure?

First of all, I would like to highlight the significance of the industry as a whole, to strive for improvements in the current regulatory environment. This attitude is reflected by the work of the innovative pharmaceutical association (AIFP), which recognizes improvements of the dual reference system as a crucial endeavor. What's more, on top of the dual reference system, we need to take into account currency fluctuations which more often than not counteract the successful commercialization of innovative treatments. The latter is posing a threat to Czech patients, because, once the price falls past a certain threshold, innovative drugs are subject to re-exporting which will result in shortages thus limiting the availability of treatments for Czech patients!

Which are the therapeutic areas and products which generate the most revenues for Novartis in the Czech Republic?

We place emphasis on the individual portfolio when strategizing our business, simply because the common product life cycle matters most. As example, new medicines in the prelaunch phase obviously need higher investments to build new know-how. Once an innovative product can be prescribed it will free up finances that can be reinvested into the next generation of products.

Novartis invested 200 million crowns (USD 8.3 million) into the Czech Republic in 2015. Could you please give us a brief overview of the investments made?

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We have successfully increased the number of patients enrolled in clinical studies from approximately 2000 in 2014 to an anticipated 2400 in this year. Evidently, the study cost will fluctuate depending on the complexity and duration of the trials. The underlining ambition, however, is to further increase the quantity of clinical studies and consequently the number of patients enrolled over the coming years.

Other significant investments have been made into our Novartis Global Service Center in Prague. Just to give you a brief overview of the anticipated scale: we currently employ approximately 350 associates in areas such as IT, Procurement, Financial and HR

Services, and Product Lifecycle Services and aim to grow further and more—simply put: all these support business functions are bundled in Prague – as one of the few global service centers of the Novartis group with the expectation to provide best-in-class services to all peers around the world and be an engine for leveraging synergies across our company.

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How do you assess the potential of the Czech Republic to become a clinical trial hub?

I feel that all the right conditions exist which position the Czech Republic as favorable location to conduct clinical trials. Nonetheless the size and diversity of the existing patient pool poses obvious limitations. The other question is the establishment of a regional (global) clinical trial operation services hub. We have experience with a cluster organization with several CEE countries for clinical trial management in the Prague Novartis office and with the current building of the global Novartis services also for certain clinical research projects functions. To what extent we can expect the Prague Novartis office to become–beside the IT organization–a global clinical research management base is a decision to be made by the corporate headquarters, not myself, nonetheless, if I am asked I will most certainly recommend the Czech Republic!

You have mentioned the establishment of the shared service center. Why was the Czech Republic chosen as the location?

This is probably the most popular question I am asked and the answer is quite simple. We assessed multiple locations and compared their attractiveness as a location for the shared service center. The Czech Republic established itself as a clear strategically advantageous location, mostly because of the high quality of the human resources among the Czech population, which allowed us to fill the newly established positions with superior skilled staff at a comparably fair cost base. Furthermore, upon taking this decision we knew we would also require expatriates in our shared service center; being located in Prague eases the acquisition process as expatriates usually don’t have to think twice about Prague as location for their personal future.

Given your market position as a leading innovative pharmaceutical company and the recent investments made into the Czech Republic, just how significant are your operations within Novartis’ regional network?

In comparison with the regional cluster, I believe the most significant achievement was the tremendous uptake of annual revenue for our Czech affiliate. Recent independent industry reports clearly show, that the Czech Republic is the most attractive nation within the CEE region for foreign

direct investment and is furthermore developed similar to its western European neighbors; rather than being part of what is considered east Europe.

The Czech Republic is indeed considered to be the heart of the CEE region. What has the Czech Republic to offer over its regional neighbors?

In the Czech Republic, we clearly have added international scope within our operations compared to regional neighbors, mostly through the combination of our commercial operations with the global service center. Furthermore, we're quite advanced in some distinctive competences—clinical trials for instance—, although I would like to highlight that the commercial and medical accomplishment of our affiliates in Romania, Hungary, Slovakia and Poland are not to be neglected either.

As an industry in the Czech Republic however, we do see ourselves as center of excellence in terms of quality management, sharing best practices, transparency and as a whole we have made some significant achievements we can look back on. For instance, the platform for patient organizations we have established in the Czech Republic might just become a pilot project for CEE.

I would appreciate if the next advancement we can achieve in the Czech Republic is to become the pioneer in utilizing big data. As a worldwide industry, we're at the vanguard of revolution on how we conduct business, the opportunities offered by big data are present and we need to tap into this immense potential. I am confident that data mining could greatly advance disease prevention, ultimately even further benefiting the patients—which is the goal that unifies all stakeholders! The synergies here are obvious, if medical staff identify an unmet need or potential to simplify the lives of the patients, they give the feedback to the IT experts and request the development of an appropriate tool or application which is then delivered to the patients. An example we are exploring currently is electronic nurses that remind patients to take their medicine or collect vital data such as blood pressure and weight in heart failure patients; thus aggregating information which can be used in prevention of re-hospitalization. It is assumed that the re-hospitalization of patients suffering from chronic heart diseases will decrease and therefore contribute to the life of the patient and to the system in saving a significant amount of money.

The possibilities offered by big data in healthcare are beyond our imagination and we need to start exploring and exploiting the potential.

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The ministry of health has recently issued its national strategy on health 2020. How can the pharmaceutical industry support the government's efforts?

I am confident, that the innovative pharmaceutical industry can—and already does—support the government's ambitions in an unmatched fashion, simply as many of the anticipated steps are fully in our interest. Regarding the emphasis on prevention for instance, as an industry we have a proven track record of initiatives aimed at disease prevention, as we recognize this area as a significant investment contributing to society at large. Another example is how the industry continuously contributes to disease awareness in the first place! Especially in the Czech Republic there is significant potential; it is probably the last EU country where smoking isn't banned from restaurants and public places—it is indeed baby steps, such as the latter example, which would significantly contribute to lower the healthcare spending here.

I would appreciate if the public domain could realize our industry more as a partner, I believe that synergies could be created; improving the healthcare outcome and economy alike. I know that we are open for such collaboration and are willing to commit, however, the interest, openness and commitment must be mutual.

Can you please give us a brief overview of some of your results and achievements in time you as country manager?

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I am particularly proud of a total of eight successful product launches during the past three years including Oncology. In the future, we will be able to introduce some highly innovative treatments targeting chronic heart failure, of which approximately 200000 patients suffer in the Czech Republic, to be introduced by 2017. Overall, with the team we have managed to grow the General Medicines business in the past years by some 40 percent – the result of having a great team and a great pipeline— and recent benchmarking shows that we have established ourselves as the leading player in the Czech market.

How will you sustain this tremendous growth?

As mentioned earlier, we strive for positioning ourselves as the valuable partner of the payers, ultimately this will significantly contribute to maintaining a leading market position. Furthermore, as leader, I am continuously developing my team in an effort to maintain the company with the key experts in medical and market access; not only for our market position but more importantly to provide patients in need with treatments as soon as possible!

What does your team mean to you?

Every individual in my team is a source of energy for me. I am delighted with my team here which makes me joyful on a daily basis to have made the decision to come to the Czech Republic. I found my Czech colleagues generally to be passionate and enthusiastic with a genuine desire to help patients, taking pride in their work. This bona fide commitment surrounding me is what gets me up in the morning!

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