Interview: Daniel Breitenstein – Vice President & General Manager, GSK Switzerland



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29.08.2016

Tags: Pharma, Pharmaceuticals, GSK, Novartis, Vaccine, Medicine, Healthcare, M&A, Interview

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aniel Breitenstein, VP and GM of GSK Switzerland, discusses the benefits of GSK's three-part transaction with Novartis; the importance of respiratory diseases and vaccines for future success; and how the company has changed its business model by no longer paying for physicians to speak on their behalf, setting in process a new industry-wide trend.

You became vice president and general manager of GSK Switzerland in March 2015, at the same time as the three-part transaction with Novartis was finalized. What mandate were you set regarding the development of GSK's business in Switzerland?

I became general manager of GSK Switzerland on the 2nd of March 2015, just as the global deal with Novartis was being concluded. During my first 15 months, implementing this deal in Switzerland was both one of my main challenges and opportunities. By May 2016, the majority of this process was concluded. Switzerland, being the home of Novartis, presented GSK´s Swiss affiliate with a particular challenge, as a pharma sales and marketing office, with around 140 employees. Novartis had an important production site for its consumer business in Switzerland, which operates independently from their Pharma business, as well as some global functions for their vaccines business in Basel. Furthermore, GSK Switzerland´s consumer healthcare operations were considerably smaller in Switzerland before the deal. We have also had to integrate two different company cultures, a British and a Swiss one.

There were several key phases regarding the implementation of the deal. We acquired Novartis's vaccines business and combined our consumer healthcare businesses to create a new company. By substantially strengthening our vaccines and consumer healthcare business, we can deliver far-reaching benefits to patients. In addition, Novartis acquired our oncology portfolio. Overall, such developments have proceeded smoothly. Indeed, both companies are experienced in conducting such transactions.

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In February 2016 GSK announced better than expected full-year results, reporting a six percent increase in turnover to GBP 23.9 billion (USD 31.86 billion). Has this global trend been reflected at the local level in Switzerland? Have the benefits from the Novartis deal already started to have an impact?

Our business in Switzerland is performing even better than the global trend. The recently announced second quarter results for 2016 were extremely encouraging. Over the last six consecutive quarters, GSK has exceeded expectations. Over the last nine months, our share price outperformed the industry average by 28 percent. From a GSK perspective, the benefits of the Novartis deal have already become apparent. We have witnessed good growth across our three primary businesses: pharmaceuticals, vaccines and consumer healthcare. In particular, our vaccines portfolio, where we have developed a level of critical mass, is now in a much stronger position. In Switzerland our vaccines portfolio is included within our pharmaceutical business. At the local level, we have successfully built on the synergies between GSK's and Novartis's business. In Switzerland a third of our turnover derives from our respiratory portfolio, including five products launched over the last two and a half years, another third comes from vaccines, and the other third from our established products portfolio.

(Note: The HIV portfolio in Switzerland is promoted via a separate entity – ViiV Healhcare)

New product development is central to GSK's global strategy. Last year, we generated GBP 2 billion (USD 2.67 billion) of sales from new products, higher than any other major pharmaceuticals group in terms of proportion to total sales. In the second quarter of this year with GBP 1 billion we have already doubled sales of new products vs. second quarter 2015. This positive trend is now reflected in our global goals for new product launches. Initially our goal was to reach GBP 6 billion (8 billion USD) of sales in new products by 2020. This objective has now been brought forward to 2018.

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What particular products will be key to driving your growth in Switzerland?

Our work in respiratory diseases is core to our future. We have products such as Relvar® approved in Europe as treatment for adults with asthma and chronic obstructive pulmonary disease (COPD). Solely to treat COPD we have a strong portfolio with Anoro®, a long acting double bronchodilator with a long-acting beta agonist (LABA) and a long-acting muscarinic receptor antagonist (LAMA) and Incruse® which is the LAMA component of Anoro®. In Switzerland and in the US, GSK has received approval for Arnuity®, a long-acting inhaled corticosteroid (ICS) for asthma treatment that provides physicians with a once-daily treatment option delivered via our Ellipta® inhaler. Arnuity® has not been licensed in the rest of Europe. We also have Nucala®, the first monoclonal antibody to treat severe eosinophilic asthma patients. GSK launched Nucala® in Switzerland in June 2016 with the product receiving a great reception as there is a high medical need.

Pamela Alexa, country manager of Pfizer Switzerland, was telling us how they are increasing their focus on preventative healthcare, and vaccines in particular, where there is much work to be done. How is GSK, with one of the largest vaccines business in the world, playing its part in this area?

As a German coming to Switzerland, I was particularly surprised at the vaccine reimbursement system in the country. Upon my appointment, one of my main priorities was to gain reimbursement for Rotarix®, a product for the prevention of rotavirus gastroenteritis, approved for use in infants 6 weeks to 24 weeks of age. The reimbursement process for vaccinations is lacking transparency in Switzerland. Indeed, we have been working to receive reimbursement for Rotarix® since 2008, something which we have achieved in all of our other important markets. In Switzerland, we offer one of the lowest prices in Europe for this vaccine, having reduced our prices by a further 50 percent this year. Our priority is to ensure the widest possible access for what is an important vaccine. However, the problem goes beyond the non-approval of certain vaccines, and includes a certain reluctance within the Swiss population for vaccinations. There is an increasingly high percentage of the population that refuses to be vaccinated for all indications. From a public health perspective, this is a worrying development. We should no longer be witnessing an outbreak of measles in the developed world, as we have done in a number of Swiss cantons.

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GSK’s slogan is “do more, feel better, live longer.” How are you applying this to your operations in Switzerland?

Our mission “do more, feel better, live longer”, is key in all that we do. GSK has changed its business model. Today we no longer pay for physicians to speak on our behalf and we are setting an industry wide trend in this regard. We want to provide the best information so that physicians can take the best decisions on behalf of their patients. We also no longer incentivize medical reps regarding individual sales targets or similar data, but judge them purely on the quality of their calls. These are important changes. We have seen this internally, where our business model had, over an extensive period of time, followed a different strategy, and externally where we are already seeing signals that a number of our competitors are considering similar approaches, including companies in Switzerland. Such a change truly puts the patient at the heart of every decision we make, in the interest of integrity and transparency. It is our willingness to innovate, as part of GSK Switzerland 2020 vision, that will see us become a key partner for the health of Swiss citizens. Innovation is not only *what* we deliver from a drug portfolio perspective, but *how* we deliver information and increase access to our products. To remain sustainable, pharmaceutical companies will have to be seen as partners in building a better healthcare system for the benefit of all patients.

What are some key priorities for GSK Switzerland over the next few years?

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Over the coming years, GSK Switzerland will continue to grow, with a particular focus on respiratory products. We consider Switzerland to be one of the most successful countries when it comes to the market share of our new product launches, and there is still more to be done. Vaccines will be another key focus area moving forward, in particular due to a number of products from the acquisition of Novartis’s vaccines business. Bexsero, a meningitis B vaccine, which has already experienced an unprecedentedly high demand across many markets, will be an important growth driver in the future. We are currently undergoing the approvals process for this product in Switzerland.

We will also continue to integrate GSK´s new business model, taking into account some Swiss particularities. Over the next 10 years, 50 percent of our current prescriber-based physicians will have retired. There will be significantly more female physicians in the future, which typically results in more part-time workers. GSK, as a company, must adapt to such developments. By 2020 we want to be the partner of choice for physicians in Switzerland. Indeed, I see GSK´s new business model as a real competitive advantage, where we integrate the model of the future in advance of our competitors.

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