Interview: Ard van der Meij – Country President, Novartis Group Austria



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Ard van der Meij, country president of Novartis Group Austria, the nation's leading pharmaceutical company, discusses the advantages in Austria for innovative companies and the steps required to bolster the generics and biosimilars market share within the Austrian market to create a sustainable healthcare ecosystem for the long-term. Furthermore, he provides an insight into the benefits of having three huge biologic production sites in western Austria and the critical importance of Novartis's role in putting Austria on the pharmaceutical map.

What are the growth drivers in your current Novartis portfolio?

Within our innovative Novartis portfolio, the growth drivers are Entresto® a unique treatment to fight chronic heart failure, the immunosuppressant Gilenya®, to treat relapsing multiple sclerosis and Costentyx®, to combat psoriasis, psoriatic arthritis and Morbus Bechterew. The main challenge is to find a solution in gaining market access for our new and current drugs and this is why my position as country president is growing in importance from a headquarter perspective. As the leading company in Austria, we must leverage our influence to ensure that Austria can facilitate and embrace innovation as the healthcare environment here, as in other developed systems, is experiencing growing pressures.

Novartis is very successful in Austria. What are the advantages for innovative companies here?

Austria is a comfortable environment to do business, and until recently the pharmaceutical industry has had very positive dialogue with the key parties involved in shaping the healthcare system. The triangular interaction between employees, employers and the government has always stood strong here; therefore, in that sense it created a predictable, stable ecosystem where companies could plan easily within the vision framework that we had collectively established for the future.

All in all, compared to most nations it is a developed country that promotes innovation and gives an opportunity for entrepreneurship. The global financial crisis many years ago forced many countries to rethink globalization and the constructs of their respective domestic healthcare markets; therefore, the issues we see are not so much around market access, but more pricing pressures. This is the point in recent times where discussions between government and industry have come to crossroads.

How do you find that healthy balance and ensure Novartis products can gain market access?

We are very open to dialogue with the reimbursement authorities to ensure it is a win-win for both parties. Our long-standing presence and experience within Austria allows us to – more often than not – be effective in finding the sweet spot in our negotiations. We discover the optimum between innovation while at the same time offering a diverse and ambitious portfolio with follow-on products or generics to allow us to positively contribute to the management of Austrian pharmaceutical spending. This directly reduces the stress on the overall healthcare budget.

What can be done so companies bring more of their R&D capabilities here?

A company does not invest R&D into a country for five years, but positions itself for the long term, a 20 to 30-year commitment. In Austria, we must create favorable conditions for innovation through effective collaboration between the retail sector and government. This in turn will allow Austria to establish itself as industry front runners that shape innovation, rather than solely acting as another link in the global chain of product development.

[Featured_in]

Novartis has realized Austria’s ability to promote innovation and we currently conduct 84 clinical trials here. Our teams experience and expert knowledge of the market ensures the trials are conducted flawlessly, incredibly important as attracting trials from headquarters is extremely

competitive. In general, as a collective healthcare market Austria should be proud of the abundance and quality of clinical trials being undertaken.

Biosimilars and generics are a way of relieving healthcare budget concerns. What more can be done to stimulate their introduction into the market?

There must be a real commitment and business model designed specifically for these product groups. It is a cultural development over time to understand if a certain penetration of these products is actually better for the overall system; for example, is having a 75 percent generics penetration a benchmark that every country should aspire to or are their other ways of creating a competitive and sustainable market.

If you look at Germany their generic wave came after tendering was introduced, while Austria approached it from a different perspective. Here they have accepted less generics on the market, but have been more aggressive on lowering the price of originators once other generics are present. We must tailor the approach to find what works best for Austria, not impose a blanket rule over all nations insisting one method is better than another.

When we look at biosimilars it is a relatively new concept that compared to generics requires a large start up investment and greater ongoing associated costs. Austria proposed an ambitious plan to place them on the same level as generics, that have been on the market for around 30 years. After a long debate, the government acknowledged the pricing model for biosimilars was too aggressive and this method may not give the true benefit for the Austrian healthcare structure. In due time the entire system can construct an effective plan once we are completely familiar with biosimilars and understand, not just their therapeutic benefits, but their ability to relieve stress on the entire healthcare budget. Nevertheless, this alternative treatment is in its infancy stage and as a healthcare community we must constantly adapt as the market further develops.

What strategies have placed Novartis Austria in the leading position for biosimilars?

Generally, any company that is the first to enter the market has a greater advantage, and Novartis globally has been committed to biologics since the early 90’s. We have concentrated time, effort, knowledge and investment to pave the road for the world to move towards biosimilars. This initial leg work to educate healthcare systems, so they can fully understand this revolution and have them reimbursed allows other companies today to fully reap the benefits.

At Novartis Austria, we see this as a great opportunity and our team must utilize our long history in biologics. Furthermore, Novartis has a 70-year history in manufacturing penicillin, a process we

conduct right here in western Austria. Penicillin, an antibiotic, is having a similar starting point for its production, namely fermentation. We have been able to easily adapt to the changing production landscape.

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Western Austria is a manufacturing hub for Novartis globally with three sites that distribute to over 100 countries. What makes Austria such a great place for the company to undertake production?

Firstly, pharmaceutical production is clearly a process that is not easy to replicate and multiply into several locations. This is because, depending on the technology, it is not economically efficient to move around and it is difficult to find a developed and skilled workforce. In Austria, we have been able to build on our long history and experience in penicillin production to now move into biologics, a very complex process.

During our time in Austria we have built great relationships with institutes and universities as well as developing a training program to properly educate some 1600 of our employees over the last 30 years that fit the purposes of Novartis, and indirectly the needs of Austria. This combination, along with our centers of excellence for antibiotics and biosimilars, gives us a sustainable advantage over other production sites in Novartis's global network. Our company's manufacturing network, and the Austrian pharmaceutical production sector, relies on us to contribute and use our expert knowledge over and beyond solely our operations.

Novartis has a significant footprint here, entailing many important aspects of the pharmaceutical chain, such as production and clinical trials. How are you able to lure the eyes of headquarters to continually invest in Austria?

This has been made harder over recent years as the market has become less predictable due to the solidarity agreement struck up between the retail sector and government. Nobody in the pharmaceutical industry was overly happy with this decision and it has raised eyebrows at headquarters. Nevertheless, we must ensure Novartis Austria is a smooth-running machine as the company is a global entity and there are always alternatives to find a suitable nation. We need headquarters to always have Austria in the back of their mind when they are making an investment decision.

All in all, we can confidently say we have been very successful in showing ourselves. The collaborative atmosphere and teamwork between our many operations has convinced

headquarters of our strength and ability to function with a real drive and purpose.

From an Austria perspective, we lead from the front with our over 4000-strong workforce that continues to work at maximum efficiency and produce world-class products of the highest quality. Myself and my management team must continue to work with the reimbursement authorities to find a balance that promotes innovation whilst achieving fair prices for society. Although we produce products and have operations for the entire globe, not just Austria, they need to understand the critical role Novartis plays in help shaping a sustainable Austrian healthcare landscape and putting Austria on the pharmaceutical map.

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