Interview: Rolf Hoenger – President & General Manager, Roche Pharma Brazil



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Rolf Hoenger, president and general manager of Roche Pharma Brazil, provides an inspiring insight into the innovative and multi-faceted market access vision implemented by the Brazilian affiliate under his tenure and documents his personal approach to bolstering creativity at the affiliate level and ultimately fulfill the company's fundamental objective to increase access to innovation in Brazil.

You have honed a longstanding international experience among Roche affiliates across Central Asia and Latin America. Leveraging on this exposure, what would highlight to our international readers as the most striking specificities of the Brazilian pharmaceutical market?

First and foremost, the Brazilian market is extremely significant – in all aspects. Brazil today stands as the sixth largest pharmaceutical market in the world, and recent forecasts suggest that it will likely reach the fifth position in the coming years. Naturally, this sheer market size has cemented the crucial importance of the country in the overall operations of all pharmaceutical companies with global ambitions.

In terms of market specificities, Brazil holds a substantial private healthcare market *[in terms of population, the Brazilian private insurance market is the second largest in the world after the US – Ed.]*, as around 25 percent of the country's 207 million inhabitants have access to private health

insurance. However, in Brazil, the vast majority of health plans are contracted by employers, which means that the share of the Brazilian population having access to the private health market is directly correlated to the evolution of the unemployment rate. Over the past three years, this aspect has gained a tremendous importance in the eyes of pharmaceutical executives, as Brazil experienced an economic recession that was unprecedented in the country's modern history *[according to data provided by IQVIA, the number of Brazilian lives covered by HMOs decreased from 50.4 million to 47.5 million between 2014 and 2016, while the unemployment rate grew from 5 percent to 13.7 percent– Ed.].*

Additionally, Brazil is the only country in the world with a population over 100 million inhabitants to have implemented a publicly funded, universal health system. While laudable in principle, this constitutional right has not allowed offsetting access discrepancies between the private and public markets, although the latter vary significantly from one disease to another. For example, Brazil can truly pride itself on the excellent level of coverage available for HIV, hemophilia or hepatitis C products through the SUS *[Brazil's federal public health system –Ed.]*.

However, the Brazilian public system still faces tremendous challenges especially vis-à-vis the inclusion of oncology products. In this context, our fundamental mission is to find innovative access approaches to ensure that the 160 million Brazilians who exclusively rely on the country's public health system can access innovative treatments.

What have been some of these innovative market initiatives implemented over the four years that you have already spent at the head of the Brazilian affiliate?

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When it comes to expanding access in the public sector, the opportunities that we have been able to seize originally stemmed from the structural specificities – and challenges – of the Brazilian market. Brazil is a federal republic comprising 26 states plus the district capital, Brasilia and over 5,600 cities – and this structure is reflected across the Brazilian model of healthcare.

In this regard, a first and typical access approach is to work on the inclusion of given product at the federal level, through the National Commission for the Incorporation of Technologies (CONITEC). In parallel to this commonly used model, Roche Brazil has been pioneering a regionalized market access strategy, where we look at access opportunities at the SES level *[Brazil's state health system – Ed.*]. In 2014, we therefore set up market access teams entirely dedicated to identifying access opportunities at the state level for products that haven't yet been included into CONITEC's reimbursement list. Implementing such a tailored approach was no easy task, and we have

accumulated tons of learning along the way.

More importantly, when narrowing the access equation to the state level, we were able to refine our access strategy according to these states' specific healthcare needs. For example, the prevalence of cervical cancer is relatively high in some northern states of Brazil – although the patient population (in absolute numbers) is significantly larger in the state of Sao Paulo and its 45 million inhabitants, as it is by far the most populous state in Brazil. However, higher prevalence rates mean that northern states' secretaries of health would more likely consider cervical cancer as a health priority – and therefore prioritize resource allocation for the reimbursement of innovative treatments in this area.

In the meantime, we have conducted a comprehensive mapping of the access scenario for breast cancer, lymphoma, and colon cancer in 148 different cities. Our objective was to get an accurate picture of the access and healthcare realities in these cities, including the level of disease awareness and the strength of the primary care and diagnostic capacities. Out of these 148 cities, we have already been able to implement tailored and impactful access solutions in more than 120 Brazilian cities.

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Overall, we see that experimenting this personalized, multi-layer market access approach has already brought several, extremely valuable outcomes. First and foremost, it has allowed us broadening access to innovative products for a significant number of Brazilian patients. Furthermore, it strengthens our collaboration with all layers of Brazil's public health system while entrenching Roche's commitment to implementing a transformative market approach in Brazil.

In terms of R&D investments, Roche is one of the most innovative companies in the world; however, innovation should not be limited to the company's laboratories. How do you go about bolstering the company's innovative drive at the affiliate level?

First of all, as an executive, you have to start with challenging yourself. We are not all-knowing, we are not all-wise. On my side, I therefore ensure to spend at least ten full days per year on the field with my sales reps additionally to the formal meetings with our partners and customers.

Then, the key trigger is to stimulate innovation at all levels of the organization. In this regard, our affiliate holds an innovation specialist who is fully dedicated to fostering creativity and supporting our people in their innovative projects. This responsibility notably includes helping our team to choose the right tools, meeting format, and dynamics to design and implement innovative

solutions.

In 2017 alone, we set up two interesting, innovation-oriented programs. The first one is "*Mind up*", which aims to open up the minds of our affiliate's top management by exposing them to innovative solutions developed at all levels of the value chain: universities, research centers, startups, and other innovative companies operating outside of Roche's walls.

The second program, called "*Inovamentes",* allows volunteers to receive training regarding the innovation process: first, what innovation truly means and, second, which tools should be favored to bolster creativity among one's teams and/or during one's daily operations. This new project has been running for only seven months and six innovative ideas are already under implementation. For example, our affiliate's employees came up with the idea to set up co-creation workshops with the secretaries of health of the states of Parana and Amazonia, which are marked by a high prevalence of cervical cancer, to work on the reimbursement of related products. As part of this truly innovative process, one of Roche Brazil's employees has been leading a co-creation process gathering representatives of these states' secretaries of health. As a company, Roche cannot subsidize the reimbursement of cervical cancer in these states, but we can be a driving force in the development of creative, sustainable access solutions

As a matter of fact, we already hold evidence that this innovative approach can deliver positive outcomes, as we've already successfully used it to address an innovation deadlock at the hospital level. Through this co-creation process, the issue was solved and more than 200 women received access to breast cancer treatments.

You emphasized the importance of continuous learning for successful senior pharmaceutical executives. What have been some of the key learnings for you since taking over the head of Roche's Brazilian operations?

The most important aspect relates to the size and the fragmentation of the market – there is no "one Brazil". In this regard, heading the Brazilian affiliate of a multinational company is somehow very similar to managing a small region where the healthcare reality substantially varies from one area to another. In Brazil, common processes and structures are shared across all layers of the public health system, but the healthcare needs and contexts do vary significantly.

In this regard, one of the key learnings has been to promote a creative mindset in our affiliate to fully unlock the multi-faceted Brazilian reality. In the meantime, one should not overlook that the aforementioned personalized market access approach essentially relies on human interactions. As the affiliate's head, you therefore have to appoint the right professionals that will best perform in a

given healthcare context and situation.

That’s the beauty of Brazil: the market is big enough to be extremely innovative at the affiliate level, while its strategic importance makes it easier to receive the resources required to experiment innovative processes and – in turn – increase your chances of success.

Finally, the large size of the affiliate *[the pharmaceutical division of Roche Brazil gathers together over 1,300 employees – Ed.]* might entail a slower project implementation than in smaller structures, therefore you really have to favor multidisciplinary teams in order to leverage the affiliate’s heightened capacity while maintaining a satisfactory efficiency.

You mentioned earlier the deep crisis that has affected the Brazilian economy over the past three years, as Brazil’s GDP contracted by 3.8 percent in 2015 and by 3.6 percent in 2016 and the OECD recently forecasted a 0.7 percent growth rate for 2017. Did that unprecedented recession lead Roche to reconsider its investments to the country?

As pharmaceutical companies follow long-term development cycles, we do not adapt our strategies to short term economic cycles. As per Roche, we assess the potential of the country and the unmet medical needs when it comes to investing in a given healthcare ecosystem.

Not only did Roche not reconsider its investment approach to Brazil, but we actually increased our commitment to the country over the past few years. In 2015, at the height of the recent crisis, Roche decided to invest over BRL 300 million *[USD 93 million]* over the next five years in the modernization of our plant in Rio de Janeiro. Over 50 percent of this strategic investment has already been executed in 2017, while our overarching vision is to turn this manufacturing asset into an export center. At the moment, around 30 percent of our current production is exported to Latin America – and also to Italy for one of our locally manufactured products. Leveraging on the ongoing modernization of this plant, we will soon start exporting products from Brazil to the rest of the world, with a focus on European markets.

In the meantime, we are continuously increasing our clinical research footprint the country and invested over BRL 360 million *[USD 110 million – Ed.]* in clinical trials in Brazil over the past three years. As Roche is fully dedicated to innovating in diseases characterized by unmet medical needs, this means that thousands of Brazilian patients over 240 clinical centers have been able to access cutting edge products in oncology, multiple sclerosis, and CNS diseases.

The pace at which Roche invests in clinical trials in Brazil is directly linked with that of clinical trials’ approval at ANVISA level. In this regard, we saw great improvements being implemented in the

past years, which means Brazilian patients have greater chances than ever to be included in cutting-edge clinical trials. At the global level, easing and shortening clinical trials' approval has typically emerged as a great way to alleviate the pressure weighing on the public health system; at the end of the day, clinical trials are another powerful means to increase access and make a difference in the lives of patients.

Roche already stands as the leading company in the Brazilian non-retail market. How would you define success for the affiliate under your tenure?

For all our employees, my objective is to connect them with the essence of Roche: the patients. For example, the main metric used by our company is the number of patients treated with our products – and not our affiliate's sales. For 2017, the objective is to ensure that over 170,000 patients are treated with Roche's life-changing products in our key therapeutic areas. For me, this objective undoubtedly stands as the most sustainable driver possible and my objective is to ensure all our collaborators share this perception.

If the patients stand as the fundamental purpose of our organization, then access has to be at the core of our overall strategy. In most of the diseases we cover, the 160 million Brazilians that are excluded from the private market cannot access the latest treatments available – or they dramatically suffer from inclusion delays that can amount to over five years. To give you an example, Herceptin (trastuzumab) was recently included in the SUS for the treatment of metastatic breast cancer, while this product has been available in the Brazilian private market for more than 15 years. If we can make our products available in the public sector – be it at the federal or at the state level, this would stand as a great success for our affiliate.

A few years ago, I was sitting at the same table as a key investigator that successfully led the development of one of Roche's most innovative molecules. During the celebration dinner, this investigator highlighted to the rest of the table that – at that point – we were only halfway through, whereas it dedicated more than twelve years of his life to the development of this groundbreaking product! He then stressed that if the company's affiliates around the world were not able to create the conditions needed for patients to access this product, the innovation behind his molecule would therefore become meaningless.

In the grand scheme of things, access is what allows innovation to make a difference in patients' lives; and, in Brazil, we cannot content ourselves with providing access to only 25 percent of the country's population.

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