Interview: Predrag Bogavac – Country Head, OGM Serbia and Montenegro, a.i. Oncology General Manager Bulgaria and Macedonia, Novartis



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Predrag Bogavac, now

Country Head, OGM Serbia and Montenegro, a.i. Oncology General Manager Bulgaria and Macedonia at Novartis, shares the highlights of the past two years as Country Head of Novartis Serbia and Montenegro, his responsibilities as Head of Oncology, the challenges within the Serbian market, particularly surrounding reimbursement, and the exciting story of how he turned the affiliate around in two years with the expectation to become a top three affiliate within the country over the next few years.

Mr. Bogavac, having previously been head of the Business Unit Novartis Oncology, you were promoted to Country Head of Novartis Serbia and Montenegro in June 2015. What priorities and goals did you set for yourself when taking the position?

As Country Head of Novartis Serbia and Montenegro, I am the public face of Novartis and represent the company in its interactions with stakeholders.

I also have a very important internal role in terms of building the relationship between Novartis Oncology and Novartis Pharmaceuticals. While we are two business units with sometimes different interests, and I am not involved from the pharma operations, as part of Novartis, we need to speak with one unified voice. This is even more important given that there has been no Head for the

Pharma business unit for about 2.5 years now.

I continue to run the Oncology business unit and I am very proud to say that after a few years of significant challenges due to the reimbursement environment in Serbia, we have managed to see significant growth in the past two years. For instance, we had already exceeded our target this year two months ago. As a result, we are looking to grow our team of nearly 50 people here in Novartis Serbia and Montenegro.

What challenges did the affiliate face and how did you manage to turn the situation around?

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First and foremost, the reimbursement environment in Serbia is challenging. As a result, we did not have any product reimbursed between 2011 to 2016. We also took a major hit in 2012 when we lost exclusivity for Gleevec® in Serbia – we were the first country in Europe to lose exclusivity, because our domestic law allows for domestic producers to enter the market even before the ten-year patent protection period. At that time, Gleevec® was our most successful product, so you can imagine how difficult the situation was. We fought hard for many years and went through a period of rigorous cost-cutting.

In response, since I became Country Head, we launched a major public affairs initiative locally with the help of the Economist Intelligence Unit in London, who produced a special case study on healthcare and market access within the Balkans, with a focus on Serbia in order to put pressure on the authorities to improve the reimbursement situation. This, in collaboration with other stakeholders like patient advocacy groups, created a pressurized environment that seemed like it would boil over – and it did, last year! It felt like a huge miracle.

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As a result, this initiative has also received three prestigious awards, including the European Public Affairs Award.

We have also managed to bring in more new drugs for rare cancers through the new Rare Cancer Fund established by the Ministry, which provides additional funding for the reimbursement of orphan drugs.

We are currently probably one of the top six affiliates in the country and we are moving very quickly to the top three, in line with our global positioning. Last year, across our pharma and

oncology business units, we had an impressive nine products that received reimbursement approval – out of a total of 23 products in the entire market – so we are extremely proud of that achievement!

Given the challenging five years you overcame and the decisions made to keep Novartis going in Serbia, what advice would you give to your peers in other small markets facing similar problems?

Never accept the status quo! There is a tendency for people to shy away from confrontation or stay quiet. I take a different approach. It is important to discuss with the authorities or other relevant stakeholders with facts and arguments, either through legal or public affairs means. Those who stay silent will never achieve what they want. A key lesson learnt in this experience is to fight hard all the time.

Furthermore, we must also engage all stakeholders, in particular, patients, for whom these are often literally life-or-death situations. No one can say they are doing this for commercial profit, because it is their own lives at stake. We also engaged the diplomatic corps, with the former Swiss Ambassador, as well as various chambers of commerce such as AmCham and the Nordic Business Alliance. The latter actually connected us with companies like AstraZeneca and GSK, who then collaborated with us. It is for this reason that we are members of several chambers of commerce, such as those mentioned above, as well as a local one, the National Alliance for Local Economic Development (NALED), which our Prime Minister, Ana Brnabić, previously headed.

We also work closely with the IT sector. With the rise in Real World Evidence (RWE) and Big Data, I think IT collaboration will feature heavily in the next chapter of the pharma industry. For instance, recently, we worked with Seven Bridges, a local IT company, as well as the Director of the Delivery Unit at the Prime minister cabinet, to halve the approval time for clinical studies. This was accomplished very efficiently over three meetings in one month, through the use of digitalization and better electronic governance. Previously, it required six months to approve a clinical study, which was very uncompetitive. This obstacle has since been removed.

Do you believe that Serbia can become a clinical studies hub for the region?

Absolutely! Serbia is often compared to Bulgaria due to similar population sizes: 7.7 million. However, despite having a slightly smaller healthcare budget, Bulgaria enjoys better market access and a pharma market almost twice as big as Serbia. This is rather curious. I think our healthcare system needs to be made more efficient.

The reason I refer to Bulgaria is that there is a huge number of clinical trials taking place there, which means that we have the potential to build a similar kind of ecosystem. One advantage we have is that our hospital systems are rather old-fashioned with a few large centers with hundreds of beds and patients. Take hematology, for example: we have centers with hundreds of beds and patients being overseen by the same doctor, something you will not find in more developed parts of Europe. This can greatly facilitate the conduct of clinical trials.

Clinical trials are also important when it comes to patient access to treatments. Given the tough reimbursement market here, being able to run more clinical trials means offering patients another way to access new and innovative treatments through such trials.

There is also positive impact for the public healthcare system because 50 percent of clinical trials funding must legally go to the hospital, so that is essentially direct investment into the public system. We are trying to communicate this to healthcare officials. A challenge here is that the industry is not very popular with the public – as seems to be the case globally – and sometimes, clinical trials are portrayed in the media as medical experiments on people, which is completely untrue. Therefore, there also needs to be a change in mindset.

The mortality rate associated with cancer in Serbia is higher than in other parts of Europe. How have you seen the development of cancer treatment change in this country?

Serbia is one of the few markets where cancer still takes lots of lives. Whereas cancer mortality rates are decreasing in most developed countries, unfortunately, they are increasing in Serbia.

Oncology is a priority for governments globally and we recognize this at Novartis as well. Some estimates suggest that by 2050, every single person above 65 years on the planet will suffer from some cancer-related disease! For this reason, Novartis invests nearly 50 percent of our R&D expenditure into oncology.

Novartis is a global leader in oncology, with notable successes like Gleevec®, which was called the ‘magic bullet’, and our new product, Kymriah®. This is why we are extremely proud to be part of Novartis, but what frustrates us here is that we cannot bring our innovations immediately to the Serbian market. Novartis has an extremely robust and exciting innovative product pipeline globally and we would love to bring them to Serbian patients, but as a non-EU country, there is a delay between EU approval and national approval. Along with other barriers associated with the approval of maximum pricing and reimbursement, the historical time period until reimbursement is over 1,000 days. This is how long patients have to wait for access.

What is positive is that I expect this to improve in the future, given that the Minister of Health has decided to adopt innovative strategies over the next five years. This is a step in the right direction, and we hope to see Novartis Serbia being able to launch more innovative therapies more quickly, very soon.

Another major issue with oncology is that treatments are highly sophisticated and very expensive, particularly as we are seeing more personalized treatments like our Kymriah®*. As a company and as an industry, we need to find ways to collaborate with governments as partners to solve this. The Serbian government took a very important step last year when they unblocked reimbursement for oncology products as one of the four priority therapeutic areas. As a country, we need to prioritize cancer treatments.

Looking to the future, where will we see Novartis in five years?

Firstly, we will be number one in the market! We are devoted to our goal of providing innovative therapies to our patients. The company is in a very good shape here and we expect to grow significantly over the next five years.

You will also find a happy, dynamic and professional team here, working for Novartis as if it were their own company. Novartis is a name that carries a lot of weight here as a well-regarded and incredibly well-recognized company, so we are able to hire the best people. Personally, I am a people person and like to get the best out of my team. In some ways, we see ourselves here as more of a family so people like to come to work here! This positive atmosphere definitely stimulates and motivates people to do their best.

What message would you send to CEOs and investors regarding the pharmaceutical market in Serbia?

They should consider investing in Serbia. For a long time, Serbia was the market where people saw potential, started to invest, and then withdrew after hitting some hurdles. Some of these people are now trying to re-enter the market but it is not easy to catch up.

There were a few brave individuals that persisted but more through personal conviction. My boss at Novartis has shown an incredible amount of trust in our operations here with huge investments made into Novartis Oncology here, which really highlights Novartis’ commitment to Serbia and Montenegro. Almost 70 percent of Novartis’ business here comes from oncology so we are very proud to be present here, grow with the market and help realize the huge potential here. Today, all the signs are very positive and I truly believe the moment to invest is now.

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