Hugo Fry – Managing Director, Sanofi UK

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Hugo Fry, managing director of Sanofi UK, details the impact of the company's changing structure, the continued relevance of the UK market despite the challenges around Brexit, and the significance of vaccine R&D and production in the UK.

What have been your main areas of focus and key challenges since becoming managing director in January 2017?

Here at Sanofi, we have a compelling overall vision that works particularly well in the UK. We are a company that empowers life because we take people all the way along their healthcare journey. We have a broad portfolio, from the very first vaccine that newborns receive to treatments for long term conditions such as diabetes and cardiovascular disease all the way to the treatments for rare diseases. Our medicines touch people across their entire life, including over-the-counter self-medication. That is why we don't just talk about how we help patients but focus on people and consumers as well. Many people with long term conditions do not consider themselves as patients and our over the counter medicines arm is obviously very much a consumer focused business.

Bringing all these areas together, as well as the creation of a proper business unit around our consumer health care business and bringing our vaccine group back from the joint venture with MSD, has been a huge project. It has been about formulating and making live this broad portfolio strategy around the current five business units we have in the UK: General Medicines, Diabetes & Cardiovascular, Specialty Care with Sanofi Genzyme, Vaccines with Sanofi Pasteur and finally,

Consumer Healthcare.

In terms of the reporting structure, do the different business units report to the country manager or do some operate autonomously?

Both. The way we work is that we keep the focus on these areas, so there is always somebody permanently working on them and making sure the people, patients and consumers' healthcare needs are met. Our business units have vertical reporting through our global organization. At the same time, we also have local reporting; we have a Country Council which has the leaders of the business units and other key functions and we meet monthly. The most important element in terms of local reporting is that we get customer and stakeholder facing capacity right and we present a unified Sanofi. Other functions, such as external affairs, government affairs, communications, human resources and market access are centralized and report into the country manager, so we can adapt to what is needed at any one time.

What are the best performing elements of Sanofi's business in the UK?

It is often overlooked, but the UK is delivering some of the best healthcare in the world in terms of vaccines. The UK has a culture of vaccination and preventative medicine around vaccination that is second to none. The British Meningococcal C Vaccine program was copied around the world. The UK also has the second-best coverage of flu vaccination in the world – the highest being Korea.

Another area of growth is in our specialty care business, which focuses on addressing the needs of people with debilitating and complex, often life-long conditions, where we have some much needed and exciting treatments which are already supporting people across the UK.

Why do you think there has been such an up-take in vaccines development?

I think it is the joined up way the immunization programme is structured. There is NHS England which is one of four pillars of the healthcare structure. But you also have Public Health England, which is very strong, and the Joint Committee on Vaccination and Immunisation (JCVI) which is responsible for making recommendations about vaccines and vaccination programmes to the government.

Here at Sanofi, we have people whose job is to focus solely on vaccines. The healthcare system also plays a role, and of course you have the benefit that prevention has on healthcare strategy. You can therefore, in the UK, bind these elements together; the structure put in place, plus the focus on prevention and understanding the value of prevention.

How well is the value of prevention understood in the UK?

There is a good understanding throughout the UK. This is one of the strategic reasons we remain focused on vaccines, because there is a real opportunity for growth. We have a good pipeline, and the UK is particularly well disposed to adoption and the fast uptake of innovation in vaccines, which is not something we hear all the time in the medicine space. As a population, we are vaccine-focused.

What are some of the products Sanofi is currently bringing to market?

Through Sanofi Genzyme and our fruitful collaboration with Regeneron, we have dupilumab (DUPIXENT®) which is a first in class molecule in atopic dermatitis. This has the potential to be a revolutionary medicine, and its first licensed indication is atopic dermatitis, the most common and chronic form of eczema. It has already been launched in several countries in Europe and the US.

In the UK, dupilumab got approved for use under the government's Early Access to Medicines Scheme, which was incredibly exciting as previous treatments approved under EAMS have mainly been for life-limiting conditions, such as cancer and chronic heart disease. Being granted EAMS for this important treatment signified a recognition of how debilitating this condition can be and how much impact it can have on people's physical and psychological wellbeing. We are currently going through the NICE and SMC processes to gain access to funding on the NHS across the UK.

Your footprint in the UK is very deep, with more than 1700 employees. How strategically relevant are the UK operations within the group and more particularly, the European region?

Brexit looms large on the horizon, but the UK will always be a great place for science. In terms of healthcare, pharma and innovation, the UK will always be strategically important. It has great institutions, hospitals, medicines, publications… everything! There is great innovation in the

industry, in science and clinical trials which we do, but also in fundamental science. All companies have external innovation departments and are looking for partnerships and interesting areas to invest in. We do so on different levels at Sanofi; it might be about acquiring something or it might be about just giving some seed money, to everything in between. The UK therefore remains strategically important because of that.

Given that you are the chairman of the Brexit committee for Sanofi globally, what do you see as the main challenges that the UK is facing?

There are some genuine dangers. The biggest one is for manufacturing. With the legacy of ICI, the precursor to AstraZeneca, and the legacy of SmithKline, the industrial base here was always strong. Sanofi has its inhaler production complex in Cheshire, which is the legacy of Fisons, which is still a factory with a very specialized bespoke manufacturing know-how in inhaled medicines.

In terms of R&D investment, the UK is probably punching way above its weight, but it is very much underweight in terms of manufacturing. Considering the needs of the UK as things stand today, we will be considered a third country for manufacturing. Any quality testing will have to occur in Europe, and that has never had to happen previously. We, as organizations, have to invest and see how to make that happen, at the least that means new labs, new people in other countries, and in the very worst case, some will decide to move manufacturing elsewhere. There is a long history where you send samples, so they get tested and you get batch release remotely. That is what will happen. But it doesn't create an environment that encourages companies to maintain investment and technology and it is a shame that we have to spend that much money on these labs.

The other big industry threat is the diversion of regulatory authorities. The industry, and this is regardless of the size of individual companies, will simultaneously submit innovative molecules to every regulatory agency in the world. It is always the same expert team answering all the different local questions and they just can't have questions coming in from all around the world, with only 90 days deadline. And it is just not physically possible to have people answering in every location. Hence, we need to sequence our regulatory submissions, and obviously, we are a smaller market no matter how strategically important we are. So, if the UK ends up requiring a separate regulatory submission, we will sequence behind the Americas and the European Union. Afterwards, you have Canada, Switzerland, Australia, Korea… and the UK could join that group and the sequencing will be dependent on the molecule. And then you also have a pack of 5 or 6 countries behind that group. Wherever the UK will ultimately stand in that hierarchy, it will always be behind the EMA, therefore later than it used to be. Patients and people in the UK may ultimately receive innovation

later.

Tell us a bit more about market access, you mentioned EAMS and some of the systems here that are pioneering ahead.

There is no doubt that NICE pioneered looking at cost-effectiveness in new ways. However, we are now getting to a stage where there is a healthy tension with NHS England. In theory, when NICE approves reimbursement for a medicine, there is a mandate for NHS to fund it, but the NHS only have a limited budget and they can only fund so much. That kind of tension is putting a lot of pressure on market access. I think everyone would be accepting of pressure on prices as long as we get the adoption in a rapid way.

How does Sanofi partner with the NHS and propose potential solutions to their problems?

We set up a project to try and codify where partnerships with healthcare stakeholders work and where we can offer solutions to existing problems. There are a number of examples. The classic one is joint working, and a lot of these projects are in diabetes which we are highly active in. The other way is looking for new pathways for delivery. We have been very innovative in the homecare pathway, which had to be created because you can’t just say you should use this treatment or this molecule for a patient if there is no pathway to get them to the patient. It is basically about filling the gaps and helping to innovate that avenue. We have been highly active in this way for multiple sclerosis and cardiovascular diseases for example.

How accepting are the authorities, the state, the payers and health providers, to you coming to the table and finding joint solutions?

Well they are accepting because they understand some of these areas of innovation. I am hopeful for the real innovation, which probably doesn’t go deep enough in some areas, because all these groups are quite open to developing together some good solutions at the cutting edge of innovation.

What is your strategy going forward, knowing that this is a period of transition, that you need to get the different units working, and taking Brexit into account? How do you get the results now to back that up?

We are keen on building the reputation of Sanofi in the UK. People who know us have a very high opinion of the company and our brands, but actually, in the UK, not that many people know us even though we are such a large company. The reason for this is our legacy, Sanofi today is born from a series of mergers of well-known companies and as such there is less awareness of Sanofi as an entity itself. However, we now have a very strong vision with what we want to do and what kind of healthcare company we are and where we want to be in the future.

It is really important that we have a very strong story to build on, to tell people, to show *how* we impact people's lives. How we protect them and enable them to live their lives to the fullest every day.

In terms of Brexit, I was invited to give evidence to the UK Parliament Health Select Committee and I agreed to do so straightaway when asked. It is a critical moment for the UK and we, both as Sanofi and the broader pharmaceutical industry, must have a voice in assisting Parliament's scrutiny of Brexit.

We are also doing a lot more around social media; we are proactive on Twitter and, globally, LinkedIn. This links to another important point: talent acquisition. The whole industry is changing very fast and there are a lot of areas of expertise where we train and recruit talent to our organization. We need to be well respected in that to be able to retain the talents we have and attract the best people out there. Talents and capabilities development is really high up on my agenda, and within that is also ensuring diversity.

How easy is it to source the talents in the UK market? Presumably the UK is a leader in so many areas like science, great academic institutions, so it should be rather easy compared to other countries?

It should be, I think we are in the middle of the pack of that as a company. And we need to get to the top, so that's why it is a focus. We can also do better using existing talents as well. People need to feel invested in, that they can have a long term career with us, with support to grow and diversify.

Prime Minister Theresa May recently visited your Maidenhead facility. Could you tell us more on this, notably at a time when you are trying to build an image and reputation in the UK?

I did have the chance to meet her indeed. We wanted to show how important vaccines are and also what our company is doing more broadly. We had very interesting and fruitful discussions, spoke about the bigger picture, Brexit and so forth, but we also talked a lot about winter pressures, since we are the biggest supplier of flu vaccines. We explained how flu vaccines are made and the Prime Minister was very engaged and genuinely interested. This visit was also very motivational for our employees.

UK Prime Minister Theresa May’s visit to Sanofi’s Maidenhead facility in February 2018

When looking at the general managers of big international pharma companies in the UK, they are all quite new, most of them arrived in 2017, including you. How would you explain that?

It is an interesting question. You know, I am part of the ABPI board, and we noticed there that there has been a huge turnover even since I arrived 15 months ago. I think some of it has to do with understanding that Brexit is going to change some things and you need a particular profile to be able to manage and lead through that.

Would you say that current country managers need to have a somewhat 'turnaround' profile in these current times?

Possibly. I have heard that there was a phase where the UK was very much a training ground for people on big upward trajectories, and the turnover became high, especially for American companies. Now people are coming back to the understanding that you need people for the long-term, because this market is complicated, it does require a lot of effort, and there is such a large corporate, external affairs function here because of the nature of the market. You need to build those relationships and commit to them longer term.

When we come back in 5 to 7 years, what would you tell us? What would be your two or three key targets?

I would like to be able to tell you that, in line with Olivier Brandicourt's strategy for the whole of Sanofi worldwide, we are one of the geographies leading that drive. I would like to say that we are top three on all the criteria measured, as a healthcare leader. Not only are we quantitatively here in the UK one of the leading companies, but also qualitatively, which comes back to reputation, partnerships, and service solutions.

If we believe that the UK is a healthcare environment that does really benefit from the partnership solutions and services that we can provide, and given that our strategy at Sanofi is that we empower life and are a partner to people across their health care journey, supporting people from their first vaccine to end stage care and many elements in between, well, our strategy is a good fit for people across the UK.

UK Prime Minister Theresa May’s visit to Sanofi’s Maidenhead facility in February 2018

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