Vincent Leonhardt – General Manager, Nordic Pharma France

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28.11.2018

Tags: France, Nordic

Vincent Leonhardt explains how the French administration's zeal for life science innovation can actually place pressure on some pharma SMEs. He also discusses the challenges he faced during his first 2.5 years at the helm of Nordic Pharma in France.

What are the origins of Nordic Pharma and what is the strategic significance of the French market relative to the other 16 countries spread across Europe, where Nordic currently has a local manufacturing or marketing presence?

While the company is originally from Scandinavia, each country affiliate was created based on a specific local business opportunity. The Holding company is based in the Netherlands, but some central coordination activities are run from Paris. R&D operations are conducted across Europe and in India. Our products are predominantly manufactured by CMOs in Belgium, Germany and France, but increasingly by our own manufacturing facility located in Malmö, Sweden. As such, we are a truly pan-European, multinational firm with each activity being conducted in what we believe to be the optimum location taking into consideration comparative operating environments across different European markets.

Nordic Pharma France SAS ranks as Nordic’s number one affiliate in terms of sales and was actually the first affiliate that we opened after the Scandinavian offices. Nordic Pharma France was created on the basis of in-licensed products in Critical Care. In the second phase, we have been developing our own proprietary product lines in the fields of Gynecology and Rheumatology in Europe and abroad. In parallel, we continue mutually highly satisfactory collaborations with a number of trusted, long-standing partners for the marketing and sales of their products in France and in other European markets.

So, we essentially started our operations as a license taker, whereas we are now building and expanding our in-licensed and proprietary portfolios and are distributing our products to other markets around the globe.

What would you say have been your top achievements so far?

We went through a company rebuild in 2016, when we lost one of our products in France. With hindsight, this setback proved to be a major opportunity, as it enabled us to focus both our corporate R&D resources and European marketing resources on the development and launch of our proprietary products in Rheumatology. This has led as well to a strong development in our French, Spanish, Dutch, UK and Irish affiliates, and will be vectors for growth in the other European markets in the years to come.

Our second Therapeutic Area is Gynecology. Our product franchise, developed in France, also changed the way that medical termination of pregnancies is managed on a global level. We are operating in a very sensitive sector, with products that have a considerable social and societal impact in much the same way as a company would if it was operating in a niche area, like HIV therapies.

Over the last decade, Nordic Pharma has gained renown for its niche and specialist products that respond to pressing unmet medical needs. For example, Bayer has entrusted Nordic with the license for its aprotinin product that was suspended from the market some years ago. The European Medicine Agency has recently lifted the suspension and Nordic is now in the process of reintroducing this potentially life-saving product across Europe, and as well as in some other markets. The product is available, since recently, in France too.

Which segments of your product portfolio are driving growth right now?

Apart from our main therapeutic areas, namely rheumatology and gynaecology, we are currently becoming increasingly involved in Hematology and in the area of Critical Care, the latter through anaesthetic products. The reason for targeting this segment is our expertise and the lower level of competition as compared to other areas. Moreover, we have a few medical devices in our portfolio, and these are managed like drugs in terms of quality, control and promotion. We are distributing 70% of our products on the retail market, as in France most rheumatology specialists are office-based, which is quite unique compared to other European markets.

What have been the main priorities in your 2.5 years as General Manager at Nordic Pharma?

Just before I was appointed General Manager, we lost a product that represented around 70% of our turnover in France. Therefore, my main priority was to quickly develop sales of the products in our portfolio and to launch our new products. We managed to do this, and we have increased our turnover by around 70% in 2017, and anticipate to grow by 25% this year. We are a privately-owned company, and together with the Board we have taken the gamble to keep the full organization without any staff layoffs, and this gamble has proven to be an excellent decision.

What is your opinion about the French administration’s policy of promoting innovation in France, as it was announced at this year’s CSIS (Strategic Council of the health care industry)?

When looking at CSIS, the project of the previous and current administrations is to promote and support innovation in France. It is important to understand, however, that this sort of innovation is very different from the R&D concept we have in place at Nordic Pharma, as we focus on incremental innovations and drug rediscovery. These may not be breakthrough innovations as expected by the administration, but smaller innovations, which have a significant benefit for the patient in terms of comfort, efficiency and compliance, and therefore correspond with unmet medical needs.

Consequently, I am concerned that the policy in place does not sufficiently reward incremental innovation as it focuses on developing highly expensive, breakthrough technologies. I fear that it may become increasingly difficult to get a reasonable return on investment. If the government’s key policy is to support and pay for high cost, breakthrough innovation, smaller innovations may

not be sufficiently rewarded, and this will have an impact on SMEs.

Blue-sky, disruptive innovation is all well and good, and it tends to grab headlines. SMEs that are engaged in different types of innovation such as modifying the delivery mechanisms for existing medications to make them more patient-friendly or enhancing user adherence are the unsung heroes of the drug development sector. Unfortunately, we are not talking enough about SMEs that are delivering true benefits for patients. This type of innovation needs to be recognized, incentivized and appreciated at its true value. At present, our feeling is that the French administration does not sufficiently recognize such contributions to HealthCare and its added value to Society.

As general manager, how do you prepare Nordic Pharma to fit into this new environment?

Raising awareness and communicating on the above issues is the first step. While I agree that we need clinical trials and breakthrough innovation in France, we cannot forget to consider smaller companies, and the need to incentivize drug rediscovery projects and less visible innovations. Within the LEEM (The French Association of Pharmaceutical companies), we are a part of the Working Group “Nord-Sud”. More direct communications and exchanges with authorities are essential to raising awareness of these problems.

What sort of reforms does the French health care system need?

The drug evaluation system in place should be improved with a stronger focus on the patient’s quality of life. The current system is relatively old and does not sufficiently take into account this purpose. As an example, Nordic has in-licensed an oncology product from a Japanese company, and the product was approved in Europe, including France. The product has the same efficacy as similar products while having a much better safety profile with fewer side effects for the patient, which really affect the quality of life. Nevertheless, the product was not even assessed by the French pricing authorities because it did not meet their administrative criteria. The product was locked out of the market, despite bringing a strong tangible benefit for the patients. The present Minister of Health recently expressed the need to increase the focus on safety benefits. Unfortunately, no such change in the drug evaluation process has been made so far. I strongly believe that the time has come to revisit the drug assessment processes, price and reimbursement

criteria and procedures.

How well perceived is the Nordic Pharma brand in France and how do you differentiate yourself from the competition?

To the general public, we are not known at all, since we are a small company and highly specialized. Nevertheless, we are well recognized by experts and health care professionals in rheumatology and gynaecology, as they know of the value our products bring. We work very closely with practitioners and also have the courage to promote these niche products. As we are a private company, we are at peace with this status. However, the lack of public awareness of our company makes it harder to find licensing opportunities. We are looking for product opportunities in our specialized areas. Fortunately, most Big Pharma companies do not see the market opportunities in the niches we are operating in. Our niche sector also protects us, to some extent, from competition. Big Pharma considers that they can obtain a better return on investment by focusing their resources on big markets, thereby creating market opportunities for smaller highly specialized companies like us.

Any concluding words?

The quality, characteristics and added value of our products for the patients are really what is driving me to work for Nordic Pharma, as it brings significant value to patients, as well as pride and satisfaction to Nordic’s employees. This social mission is very rewarding and makes me proud of being a part of this company. Overall, I think France is a great place to drive innovation and I am confident that the country can become a global leader in the pharma industry again.

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