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Our members are committed to finding the “healthcare integrated solutions of tomorrow,” utilizing AI and complex innovative technology

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In an exclusive interview,

Yves L’Epine, president of G5 Santé and CEO of Guerbet, offers his insider take on the business climate in French healthcare and the potential for France to reclaim its position as a global industry power.

You were appointed president of G5 Santé just a few months ago. Could you provide our audience with an introduction to the organisation?

The G5 Santé is a think tank gathering 8 mid to large French healthcare companies that are all headquartered in France and have a strong international footprint. It includes bioMérieux, Guerbet, Ipsen, Théa, LFB, Pierre-Fabre, Sanofi and Servier. The G5 Santé is unique in that the members are only global CEOs or presidents; in that way, we are distinguished from other trade associations in France which represent the affiliates in France of foreign companies. The G5 CEOs can benchmark the major countries where they invest in R&D, clinical research or manufacturing on various matters like regulatory, social or fiscal environments.

We represent French excellence in healthcare companies, from pharmaceutical groups to medical devices, with leaders in pharma (Ipsen, Théa, LFB, Pierre-Fabre, Sanofi and Servier Sanofi), in diagnostics (bioMérieux, and Guerbet). Our members are committed to finding the “healthcare

integrated solutions of tomorrow," utilizing AI and complex innovative technology. Those are the main characteristics of our organization.

Is there a desire to extend the G5 beyond its eight current members?

We are not a closed club and are open for new companies to enter. Yet, we must be sure to remain loyal to our mission: be headquartered in France, choose France to create a significant part of Group value, be represented by president or CEO. For example, Stallergenes (which was until 2016 a French biopharmaceutical company specialized in the development and commercialization of allergy immunotherapy products) has left the G5 Santé because they decided to move their headquarters to the UK after their merger with Greer.

Helping French companies attain a strong place in the global economy is our mission. We work in a multidimensional way to ensure that there is not an imbalance of trade, that the French companies are of the highest quality, and that they can continue to locally impact society through job creations and better access to medical solutions. We also help French companies navigate an increasingly regulated political landscape in providing patients with the best medical treatments possible.

As the new president of the G5 Santé, what are your strategic priorities for the organization?

The G5 Santé has five ambitions that I will address in my presidency that should foster further unification of our members. Firstly, I strive for a recognition of the contribution of health industries to matters of public health and the healthcare independence of France. That is the first dimension of my agenda.

Secondly, we aim to restore the competitiveness of French healthcare companies for future investments. The healthcare sector is strategic to the French economy, and one that requires both the attractiveness for new investments and the capacity to remain competitive. Attractiveness and Competitiveness are objectives that must be pursued together. Working to enhance the competitiveness of existing sites is just as important as attracting new investments. It is indeed essential for the country's healthcare independence to protect its home-grown healthcare companies. Thirdly, we need to make a strong effort to better our biomedical research. In particular, we need to make up for lost time. France used to be the best in Europe for clinical

research, but we have fallen to sixth place. We are positive that CSIS measures will help to gain our leadership back in Europe although it will not be easy.

How will this happen? Yesterday, during our talk with Denis Comet from the AFCROs (*The Association of CROs in France),* he was, for example, saying that there are already some rather 'simple' administrative steps France could easily start working on…

Simplification of excessive bureaucracy is indeed rather a simple action we can take, but there are also some complicated ones. I think that there is in France a real appetite for clinical research. Today, though, it is mostly hindered by a tendency towards precaution, the so-called very French *'principe de precaution'* (the precautionary principle) now included in our constitution. People tend to take refuge in it to slow down decisions on innovative research programs. So yes, in a sense it is simple to fight red tape, but one must work more fundamentally to promote audacity against the ring-fence precautionary principle. Hence, it may actually be less simple than one thinks.

To come back to the ambitions; my fourth one is to facilitate patients' access to health solutions – notably to new, cutting-edge solutions. We want to integrate new technologies to deliver the novel solutions of tomorrow. And that leads me to my fifth ambition: to improve the Healthcare system efficiency through implementation of new healthcare pathways that leverage the added value of our innovations; less invasive day procedures, treatments with shorter in hospital stays, all reducing complications and hospital costs.

What I would like to make known is that the G5 has deliberately chosen France for the heart of its value creation. Today, France accounts for only 10 percent of our G5 members' revenues (EUR 47 billion (USD 55.3 billion) worldwide) but 30 percent of their employment (46,000 jobs in France and 155,000 jobs worldwide) and 50 percent of their investment into R&D (EUR 3.6 billion (USD 4.2 billion) in France, alone, and EUR 7 billion (USD 8.2 billion) worldwide in 2017)

G5 Santé expressed great satisfaction regarding the announcement and outcomes made during the 8th Strategic Council for the Healthcare Industries (CSIS). Could you comment on the announcements made by Prime Minister Edouard Phillipe and their alignment with the needs of the industry?

There were several positive points from the Prime Minister's announcements. He clearly defended the two points that are the essential missions of the G5 Santé that I mentioned earlier; promoting

attractiveness for future investment while also increasing France's competitiveness on the global scale. Prime Minister Phillipe addressed the imbalance of trade and deterioration of French competitiveness on the global scale, and now we are thinking of ways of assisting the government in ameliorating these problems. Today, the companies in the G5 are positively contributing EUR 10 billion (USD 11.7 billion) to the balance of trade. Many companies in France import more than they export, but the G5 Santé companies export more than they import. We do 90 percent of our business overseas and are hence significant exporters. As President Emmanuel Macron has said, a positive balance of trade is essential for a healthy national economy. The G5 Santé agrees with this message, and we are interested in helping France achieve a more favourable position.

A second important talking point was the need for industrial investments into the country for job creation. When a company decides to invest, say, EUR 100 million in a factory, it typically leads to the creation of hundreds of stable, highly-qualified jobs. When a company makes an investment into an industrial and manufacturing activity, it signals a confidence in that country for the years to come. After all, as a business executive [I am also the CEO of medical imaging French group Guerbet], one must take into account the expected return on investment. It is hence crucial for France to attract investments from companies that wish to open plants, factories, or R&D labs.

The healthcare industry is currently being pulled in different directions by the high prices of new innovative drugs and our social system is under severe pressure. The problem, here, is that we need to find the right balance between maintaining the reimbursement of essential products and the high cost of innovative health solutions. There is a clear interest to keep in Europe and in France the production of the first products category (essential drugs) so we cannot always apply price cuts on those products; if we do their production will be delocalized in Asia which will put Europe under permanent threat of supply shortages. But there is also an interest to attract the production in Europe and in France of new healthcare solutions. With regard to shortage risks, we all see that the world is becoming less free trade oriented. China and the US are currently locked in tough ongoing trade discussions. While the new tariffs have, to this point, been mostly focused on metal works and energy, if the trend continues, it may ultimately hurt our industry and threaten the healthcare independence of France.

On the topic of this rise of protectionism, we have Brexit right here in Europe…

Brexit increases uncertainty, although I think there will be concessions and improvements in the last round of negotiations to cover the specificities of health care products. But at the same time, it

also opens a window of opportunity for some European countries. In France for instance, we have the opportunity to re-establish the prominence of our regulatory bodies, such as the National Agency for the Safety of Medicines and Health Products (ANSM). Our politicians need to ask themselves: how can we capitalize on this opportunity to return at the forefront of the life sciences sector?

What could France's role be in the post-Brexit Europe? Could France become the predominant player in life sciences?

France could become a much stronger player, but it would depend on the government. If we take Italy for example; under the leadership of Matteo Renzi, the government has been very active in promoting the development of the life sciences sector, and Italy successfully captured a significant chunk of pharmaceutical production. Italy has now surpassed France for the manufacturing of medicinal products. France used to be number one in Europe in the production of healthcare products and pharmaceuticals, but we have since fallen to the sixth place. If France is to reclaim its spot at the top, the necessary actors in the government will have to work with industry. With the quality of producers, researchers and companies that exist in France, it should be achievable. Let me illustrate with some figures: in 2009, France was the number one European country for pharmaceutical production, generating over EUR 25 billion. Germany followed, as did Switzerland or Italy. But, in 2017, that French total fell to EUR 21 billion. Germany, on the other hand, climbed to over EUR 35 billion. France has therefore lost a great opportunity, up to EUR 10 billion, most of which are unrealized exports. And this lost export opportunity has led to lost job creations opportunities, as less production brings less employment.

On the whole, we want to increase simultaneously attractiveness and competitiveness of France. First, there are measures that need to be taken regarding increased attractiveness of the country for investment. When a new therapeutic concept is discovered, there are many considerations that one must take: where will the R&D take place? Where will the clinical trials take place? And the production? Upstream often drives downstream meaning that the country chosen to produce the pilot batches for clinical trials will often be the country of choice for routine production. Secondly, there need to be measures taken to augment France's national competitiveness. This is essential for commercial success and the healthcare independence of the country. This chemistry, between attractiveness for foreign investment and raising the competitiveness of existing sites, is what the country must attain in order to reclaim its global strength.

In healthcare in general and with regards to therapeutic innovation, it is fair to say that the world is overshadowed by the USA overall environment (corporate, academic, regulatory, financial…) and its capacity to breed, develop and bring innovations to market. All eyes are also now on China where authorities have made a clear statement putting life sciences at the heart of their ambitions. Under such circumstances, what makes France an interesting place for therapeutic innovation, and how can the country remain competitive on the global scene?

It is important to recognize that France is one of the “big players” in the world for pharmaceutical and life sciences innovation. There is, of course, a big gap between the capacity of France and the US. But, among the G5 Santé companies, you have global leaders in well-identified segments such as bioMérieux and Ipsen to name just two. While France is smaller and has a limited ability to dominate like the larger markets, we do have global leaders in certain subfields of the life sciences sector.

President Emmanuel Macron wants France to become a leader in big data and AI in healthcare. What role does the G5 Santé play in realizing this ambition?

The applications of AI in healthcare are very various. It is not like the car industry, wherein the applications for such technologies are clear and obvious: create an autonomous car. The very complexity of healthcare and of diseases makes the application of such innovations diverse. You will have many different ways in which AI can help the healthcare sector find solutions, but there is not one universal way.

That being said, France has a major role to play in this field. Historically, this country is very strong in mathematics and science. We have many Field medalists and world-renowned engineering schools in our country, who paved the way for AI. Our strength in research is structural; soon, I predict that Paris Saclay will rival Boston and Cambridge in its research capacity for AI. Let me give you a corporate example. In July 2018, Guerbet and IBM Watson announced a strategic partnership for AI in medical imaging for liver cancer. The idea is to use AI to develop a solution to automate detection, staging of liver cancers without recourse to biopsy as well as to facilitate treatment decisions and monitoring of treatment efficacy. All of that information will be collected by algorithmic solutions jointly developed from engineers based in the US and Paris Saclay. With Paris Saclay and the overall research infrastructure that France has, I am confident that our country will

lead the way in AI innovation.

Do you have any concluding thoughts for our readers?

I would like to reiterate that there is an incredible window of opportunity for France, with the cooperation of government and our competent industry, to claim a stronger spot in the healthcare and life sciences sector. We have great potential with our academics, clinician teams, and with our industrial skills to produce winning solutions. We just need to ensure that the market and its regulations are well balanced.

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