Christos Andriopoulos – Managing Director, Merck Belgium & Luxembourg



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Christos Andriopoulos, managing director of Merck, speaks about his experience transitioning from global operations to leading a country subsidiary. Andriopoulos goes on to explain the company's unique positioning as an innovative specialty pharma player balancing a core business with an increasing focus on specialty areas. He also offers insights on the changing Belgian landscape in the context of political uncertainty but also future opportunities for continued partnership and innovation.

Coming from holding global positions, how different are your responsibilities now as a local managing director?

When coming from an international role where the background of colleagues is very diverse, there is a major cultural difference compared to local operations. Belgium, of course, has its own inherent diversity but there tends to be more of a natural monoculture at an affiliate level. Furthermore, in a global role, you operate more in a virtual environment compared to the increased personal interactions which come with working in an office with the same colleagues each day. It has been exciting for me to come to a new environment and get to know my team.

Coming from a global position to a country manager role, I am much closer to the real performance of the company and our customers; impacting the day-to-day operations of teams that drive

Merck’s business success. The long-term strategic view which is required to be successful at the global level must be tailored to maintain our corporate direction within the affiliate while also balancing the short-term operational aspects of the local business.

How would you assess the performance of Merck’s Belgian affiliate?

Performance in terms of growth is ultimately linked to our ability to re-invest into R&D and deliver better solutions to patients. This is Merck’s global strategy and with Belgium being a country where innovation is very much at the forefront of medical practice, Merck’s global ambition as a specialty pharma company is very well reflected locally.

There are more than 20 ongoing clinical trials in Belgium, mostly in the space of oncology and immunology. Developing biologics in areas of high unmet medical need is a risky endeavour, but we do believe that our pipeline is well diversified and some of these products will materialize and be able to meet the regulatory requirements to be introduced in the market. Our pipeline focus remains clear in the areas of oncology, immuno-oncology and immunology.

Merck Belgium launched several new innovations in 2018, including a new oral drug in multiple sclerosis (MS) and an anti-PD-L1 antibody in the space of immuno-oncology. Both innovations in areas of high unmet medical need. More than one-third of the affiliate’s healthcare revenues are generated by products that have been launched within the last few years. Furthermore, we expect to be launching at least one new product or indication each year for the foreseeable future.

Having completed your first year as managing director where do your priorities stand now?

Delivering on performance, investing in our people and being committed to innovation that makes a positive difference to patient lives are the pillars of success as we move forward.

Of course, one aspect of measuring performance at the affiliate level is growth. By delivering performance we can continue investing locally in the country and also fuel Merck’s global pipeline development. However, being in an industry that is so dynamic and constantly evolving, Merck has a double mission to fulfil. We must deliver on our core business but also drive new innovations that come from our pipeline. Thus far, our team has been very successful in balancing these two areas. Our 2020 priorities are to remain consistent with this strategy of managing and delivering both, the

existing as well as the Merck R&D portfolio.

Additionally, investing in our people is one of the most important things Merck can do locally, but also as an industry in general. With digitalization, we are at the cusp of the fourth industrial revolution and there is exponential change happening in the way we do business. I truly believe Merck Belgium has some of the best professionals there are in pharma. At the same time, we have to make sure we continuously build our capabilities in order to deal with the increasingly dynamic environment. Investing in people is core to our present and future success.

Merck has a 350-year tradition of innovation. The reason we have continued to evolve over the centuries is that science and technology is at the core of everything we do. We believe that only by challenging ourselves in the way we work and deliver value to patients and partners, we will continue success in contributing to the advancement of society.

What has been your experience thus far with the Belgian market access dynamics which are notoriously complex?

There are two parameters to assess market access. The first is how long does it take for an innovative product to be available to patients. In this context Belgium used to be at the very low end, taking longer than the European average to introduce innovation. As a result of the past several governments having a very focused approach to innovation, as with the Pact for the Future, the country has reached the EU average. While this was a good step forward, it indicates there is much more that can be done to further provide early access measured on a global scale.

The second way to evaluate access is to consider how much of the innovation launched in Europe has also been introduced in Belgium. Again, we progress, but still, only 70 percent of the innovation launched in Europe makes it to Belgium, compared to markets like Germany where figures are closer to 100 percent.

These indicators offer an understanding that Belgium has been on a positive trajectory for delivering more innovation faster to patients. However, it is not a given that we will continue down this path. This will require a serious commitment from all stakeholders to maintain access to innovative medicines a national priority.

What would you highlight to be the necessary next steps in creating this dialogue?

The Pact for the Future was a powerful precedent that showcased to the industry a commitment among stakeholders to work in partnership towards a common goal of predictability, transparency, and accessibility. Furthermore, an observatory for the industry was established that effectively assesses Belgium's competitiveness for attracting R&D investments.

The Pact has provided the industry a perspective with which we could work with HQ to elaborate on what are the right reasons to continue investing in innovation in Belgium. However, we are currently in a place of political uncertainty which means once a new government is established all partners must sit together again and try to form a new environment to ensure the continued competitiveness of Belgium.

How do you hope to position Merck as a true industry partner to health stakeholders?

I would first like to highlight that having a pan-European approach to partnership is very relevant in Belgium as all the head functions of the European Union are in Brussels. For the new European Commission, we see a top priority on the execution of their European Beating Cancer Plan. Being one of the few truly European pharmaceutical companies, Merck has a greater role to play in supporting European institutions to meet their goals.

Speaking specifically about Belgium, Merck is unique because we operate within the fields of Life Science and Performance Materials in addition to Healthcare. Within Life Science, Merck is behind every research centre and manufacturing facility in Belgium, driving production and innovation in the country. When it comes to Performance Materials, we have a resident team conducting research at Imec, the top centre globally for world-leading research in nano-electronics. Merck is well-positioned to be a partner to the authorities in many ways including R&D, production, and technology integration. We are working across a continuum of different areas which are very relevant for authorities and the healthcare ecosystem.

Speaking about healthcare in particular, clinical data has reached a point where we can use real-world evidence to evolve daily clinical practice and have a more value-based approach to access and reimbursement. The technology is here, but our healthcare systems have not caught up with these developments and remain hugely traditional in the way of approaching clinical practice. Here, the industry has a real responsibility to act as a partner to health stakeholders to find solutions in how we can best utilize this data to its greatest potential while keeping individual data privacy intact.

Partnership is a two-way street. How can the industry create transparency to help authorities prepare for the new innovations being introduced to the market?

Transparently providing information about what our pipeline is a place where we are very willing to collaborate with authorities. This is already happening as we can see with initiatives like horizon scanning. This also helps authorities to potentially embrace innovations that will require more focused investments further in advance. The moment authorities have a better view of the innovation to come, they can also prepare to steer state research funds and build infrastructure in areas that will be most impactful for the advancement of public health.

Coming from corporate, you know that in terms of market size, Belgium is small compared to the other Top 5 EU markets. How do you ensure Belgium is not overlooked as a significant country?

While many people just look at the size of the country, the science and quality of research carried out in Belgium goes beyond this. The country has top-notch research centers and skilled healthcare practitioners who are globally known. The research being done in Belgium is guiding the way clinical practice is evolving on a global scale.

Furthermore, there are EUR 46 billion worth of pharmaceutical products being exported from Belgium, much of which is locally produced. We see that manufacturing capacity is not necessarily linked with the size of a country. Belgium punches much above its weight in both quality of academic research and scale of manufacturing operations and R&D investments in the country.

What kind of workplace culture are you aiming to create for the Belgian affiliate?

Within Merck we have a very clear purpose to create, improve, and prolong life. Locally, we aim to create an environment that is diverse and inclusive to enable the best ideas to win, regardless of where they are generated, so that we can fulfill this mission. Our culture is to debate these ideas openly to make sure the best ones are delivered forward, ultimately for the best interest of patients.

We emphasize the importance that we are an external facing organization where customer centricity, and importantly also engaging with patients and patient organizations is essential

throughout all stages to ensure we deliver services and solutions where the need is highest and mostly needed. Having the patient needs as a north star in our decisions also enables us to run a much more efficient operation.

This cultural change is fully understood and greatly supported by all colleagues; our engagement survey performed each year worldwide show very positive and increasing results in Belgium since a few years, with one of the highest country scores globally.

What do you want to achieve within the upcoming years as general manager?

We are privileged to operate in an industry in which financial results are only a consequence of our ability to deliver value to the healthcare ecosystem and ultimately to the patients we serve.

Merck’s established portfolio which covers cardiometabolic care, diabetes, and endocrinology is what we call our core business. With this established portfolio, Merck makes a positive impact to half a million people living in Belgium.

As a specialty innovator, our key focus going forward is in areas of high unmet medical need such as multiple sclerosis (MS) and cancer. Thankfully, there are fewer people suffering from those more severe conditions in our country, but the unmet medical need remains very high. Our goal, by bringing novel therapeutic solutions to Belgium, is to quadruple the number of people we serve today in areas of high unmet medical need within the next three years. The more people we can support with solutions along their treatment journey, the greater impact we can have on improving healthcare in Belgium.

On a personal note, what motivates you to continue down this path that you have chosen in the pharma industry and with Merck?

There are not so many opportunities in life to say you are contributing to a greater good and there are few industries that have such a tangible impact on society as pharma. With the innovations we deliver we play a role in helping people in an area that has affected us all in one way or another – health and illness.

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