Dan Schneider – President & CEO, Photocure



We are a flagbearer for all Norwegian life sciences firms moving from development to commercialisation and a prime example of what the future could look like for them

05.11.2020

Tags: Norway, Photocure, Medtech, USA, Oncology, Diagnostics

Dan Schneider discusses the continuing Norwegian identity of Photocure, despite its increasingly global footprint, the

company's strategy, and his background within the life sciences sector.

Approaching your two-year anniversary at the helm of Photocure, can you begin by introducing your background and what drew you to the company?

Prior to Photocure, I was with a Belgian company, Ablynx, which was later sold to Sanofi Genzyme, and before that with a British firm, BTG, recently acquired by Boston Scientific. My experience with BTG is probably the most relevant for my current role as they too worked on drug-device combinations; a unique space within the life sciences that requires knowledge of both the pharma and devices worlds.

Photocure had missed the mark early on in its commercial strategy. Photocure has a pharmaceutical product that sells like a device, meaning that the company needed highly trained and specialised medical reps that can be present in operating rooms.

At BTG I came in as the commercial head for the US, starting with biologics before acquiring device companies and drug-device combinations. When I came to BTG, we had no products on the market, but by the time I left to go to Ablynx we had four different divisions across four therapeutic areas and 12 products on the market.

We are pursuing a similar strategy at Photocure, having started out with a sound footing in bladder cancer, we are now looking at opportunities to add to our platform and become a big player within that niche.

Another significant factor in my appointment was my experience working in European companies as an American. Initially at Photocure there was a feeling of separation between the Norwegian and US operations. Americans often think they know best – the reality is that they do not – but through my experience of working with British, French, Belgian and Norwegian companies over the years I have been able to see that good ideas can come from anywhere in the world.

What was your mandate coming into Photocure?

The biggest problem we faced was that the company had not been performing on a commercial level, particularly in the US. The mandate was to make course corrections in terms of people, processes, and programs. Now that we have a stable and scalable business foundation with accelerating performance, we will execute on the expand, acquire and transformation phases of our strategy.

My first step in year one was to take a look at our team in terms of both the Management Team and the organisation as a whole. Photocure had transitioned from an R&D company to a mixed R&D/Commercial company to now predominantly Commercial. I don’t think we ever fully realised what a gem of a product we had, and the type of people and culture needed to make it successful.

R&D projects were still ongoing, some of which were very good, but some had little commercial viability. We had two Phase III-ready assets, one being Visonac, which was an example of a product that was scientifically interesting but commercially challenging. This has now been permanently shelved.

The other asset was Cevira, a drug-device combination product for pre-cervical cancer using photodynamic therapy which is non-invasive and allows women of childbearing years to avoid surgery. We outlicensed this product to Asieris, a Chinese company that is now developing it globally. They are doing a fantastic job and are progressing ahead of the original developmental plan that was outlined.

Another key area of focus was creating a global footprint to build on our operations in the US and the Nordics. Ipsen had bought the rights to our product Hexvix in Europe from GE because they thought it would be a great fit for them to establish European uro-oncology operations. Ipsen

quickly realised that it requires a device type mentality and business model to be successful. Most pharma companies are not equipped with the people or capability to compete in the device space. Subsequently, Ipsen withdrew direct commercial effort in all of Europe except for Germany, Austria, and France.

Hexvix had gone backwards in terms of market share under Ipsen and we saw a great opportunity to get our product back and help establish a global footprint. Hexvix is now available in over 30 countries worldwide and we have a sizable established business upon which we can now build a global bladder cancer company.

Given the fact that you are an American CEO and Photocure is now so globalised, to what extent is it still a Norwegian company?

Photocure is a Norwegian company! We have offices in the German city of Düsseldorf and Princeton New Jersey in the US, but I am keen to reinforce that Oslo is our global headquarters. Despite me being an American, we are still very Norwegian; the majority of the executive team and Board of Directors are Norwegian. Hexvix is available in 30 countries and we continue to look to expand geographically in Asia and Latin America as well as Europe and the US.

Photocure has a very important role to play in the Norwegian life sciences space. We are a flagbearer for all Norwegian life sciences firms moving from development to commercialisation and a prime example of what the future could look like for them. I take that very seriously; we can set a good example of how Norwegian science can become commercially successful internationally.

The Norwegian life sciences sector, although strong in oncology, is largely still in its commercial infancy compared to countries like Sweden, UK and US. However, the Norwegian people are extremely smart and the country boasts great scientists and science. They just need a more commercial mindset and experience to capitalize on their great discoveries.

With such an international reach, what kind of company culture are you trying to put in place?

We are in the process of updating the values and behaviours we will need to be successful in the future. Rather than dictating this, we asked our employees what they felt Photocure’s values and behaviours are and should be in order to be successful. Our European and US operations are now

very commercially focused, and the new values should reflect that.

Photocure wants to be fast, agile, and flexible with much greater coordination across the organisation. We can think locally, but we have to implement globally. For example, a member of our team in the US who has a good idea should be able to share it with their colleagues in Germany or Sweden. An important part of my early work at Photocure was breaking down walls between Norway and the US and getting people talking again.

Another key value that needs to be promoted is entrepreneurship or ownership. With business stretching the globe, decision making needs to be decentralized if we intend to remain agile. This means we have to bring in the right calibre of people who have the depth of experience to make the right decisions. We have made a lot of progress in this area over the past two years.

Oncology is a very competitive space, especially in the US. What kind of niche are you looking to carve out?

The drug-device combination space is not as crowded as others. Our aim is not to compete against the Pfizers and Mercks of this world; we will never bring out a checkpoint inhibitor for example. That is somewhat a bloody battle and a red sea; I want to stay in the blue ocean of products like drug-device combinations, photodynamic therapies, and diagnostics that serve a specific patient population and enjoy relatively low competition.

We are also focused on bladder cancer and the uro-oncologists that treat these patients. There are close to 300 therapeutics and over 100 devices in development in this field and a lot of competition, but many of these products could actually be complementary rather than competitors to our own product.

We are aiming to come up with products dedicated to uro-oncologists that allow them to better perform their jobs. This could be, for example, surgical guidance systems for cystoscopies or chemo-washes of the bladder via drug-device combinations.

How have you defined the different stakeholder relationship strategies between the US and European markets?

As we provide drug-device combinations, our sales reps attend and participate in procedures with uro-oncologists, so our relationships are quite good. It is not like a traditional pharma sales rep

walking in and dropping off samples; our sales reps are in the procedure room with the doctor helping answer questions regarding our product and Blue Light Cystoscopy.

With that strong relationship between rep and physician, our KOL relationships and advocacy work are also good. Bladder cancer, despite being the most expensive to treat in a patient's lifetime, had been to some degree forgotten cancer with the focus being on developing treatments for other cancers like lung and liver cancer. But in recent years there has been a real interest in developing products that can make a difference in bladder cancer patient care.

In the patient advocacy space we have a strong relationship with BCAN, the U.S. Bladder Cancer Advocacy Network. When diagnosed, patients often use google to find out more information, at which point they invariably come across patient advocacy groups which are powerful sources of information. We share the same passion and develop strong partnerships with these groups around the world and will continue to do so in Europe.

What methods is Photocure using to navigate the complex US reimbursement system?

The situation is not as complex for us as it is for pharma companies as our product is used in a procedure within a hospital setting and the doctors themselves get reimbursed. We just make sure that there is enough reimbursement to cover the costs of the product through other means such as complexity adjustments. We achieve this by working with Government Legislators and the Centers for Medicare & Medicaid Services (CMS), to make sure there our product's reimbursement is in a favourable position.

This is an arduous and never-ending responsibility for any company working in life sciences. One year your product could be reimbursed and everything is great, but if you walk away and lose focus, the next year could be very different. We work on access and reimbursement consistently and constantly and are always looking at ways to improve it for our product.

How are you guiding your team in Europe in terms of getting your product on the market?

Country by country. We have been mapping out each country and defining what the path forward is. In some countries, like Germany, we are in great shape, procedural reimbursement is good, and we want to make sure we remain in a strong position. In other countries, such as the Netherlands,

we have to work to improve the reimbursement and access we want.

It is important to note that Photocure's products are included in all major guidelines across the world. This includes those of the American Urological Association (AUA), the European Association of Urology (EAU), and the Society of Urologic Oncology (SUO), as well as the country-specific guidelines in France and Germany. This greatly supports our efforts to make Hexvix the standard of care worldwide.

How far advanced are you in building the teams for your European operations?

The country managers, key account managers, and support team are already in place and we will assess future opportunities and refine over time. We were very deliberate and fortunate in Germany which represents the majority of business in Europe today. We offered the Ipsen German Key Account Managers the opportunity to follow Hexvix to Photocure – a chance they all jumped at! This preserved the Physician/Key Account Manager relationship and ensured a smooth transition with no disruption to business.

Will financing this European push be straightforward?

Even with the associated costs of opening new affiliates, Photocure's European business will be profitable from the get-go, primarily because of Germany and, to a lesser extent, France. The product is extremely popular in some parts of Europe, with high penetration rates and good pricing levels. We need to leverage our learnings in DACH and Nordics and quickly build momentum throughout Europe.

It is much more costly to operate in the US; how has your profitability progressed there?

The US is a more expensive market and our product has a much lower penetration rate there. After eight years on the market we should be further along than we are. We are much better positioned today in terms of people, process, and programs to be successful. Keep in mind, these changes were made late last year into this year. It was tricky task to make changes and not lose momentum. It was like flying a plane and changing out parts at the same time. But I feel we are in a far better position to accelerate performance today than we were two years ago.

We have made significant progress in the US over the past 24 months and, prior to COVID-19, we were growing by 30-40 percent year-on-year.

What approach have you taken in terms of the highly competitive talent market in the US? Is there a particular profile you are looking for?

In my first eight months on the job, I had to take a look at our compensation in the US which had not been competitive and contributed to the high turnover rates and short tenure or the sales team. Additionally, we were hiring people who didn't have the right level of experience, so it took far too long to train them and get them up to speed; we needed to up our game. Moreover, previously, our recruiting tactics had been fairly passive, waiting for people to find us, but now we have a much more proactive strategy, looking for device-oriented, procedural salespeople. We needed a higher calibre of sales representative if we are going to be successful.

Photocure has become a much more attractive proposition for this profile. We have to get our brand out there, do a lot of advertising, and work with recruiters. Now that we have competitive compensation, we have no problem luring good people away and, with more high calibre people coming through the door, our reputation grows. A good example are our VP and General Managers of US and EU both with over 25 years of industry experience and a great track record of success in drug/device commercialization.

With COVID-19 forcing a switch to digital communication tools, how have you adjusted and what has been your strategy to transition out?

Pre-COVID, when we did internal video calls, no-one would be on video. Within the first two days we implemented a 'lights on' policy, regardless of what anyone is wearing! Staying connected is vitally important. When COVID hit, my number one priority was ensuring that everyone was healthy and safe. The second priority was making sure that the sales teams had a way to access doctors and support patient care. As physicians were overrun in the hospitals it was important to take a respectful approach, taking a step back and letting them know that we were present if they needed us. Our approach was greatly appreciated by the hospitals and I think contributed to our bounce back from the shutdown days of COVID. During this time, we also took the opportunity to put our reps through additional training programs, so that when they returned to a more normal situation, they could hit the ground running.

We did not lay off or furlough anyone and in particular our sales reps. If we had, it would have jeopardized our rebound form Covid-19. And likely would have set us back at least a year as many of the relationships we built and trainings we engaged in would have been lost. Holding onto our sales reps also sent a strong message in terms of our commitment to our people and, when June/July came and things started opening up, our sales revenues returned very quickly.

There are a lot of start-ups in your field; are you considering acquisitions in the future?

Yes, absolutely. We have partnered off the Cevira product, got back our European operations, established a global footprint, and created a scalable business model. Photocure was a company that needed to build and scale up operations across the board. The company is now moving into the acquire/transform stage of its strategy, looking for either commercial partnerships or products.

However, today it is more about us being the acquirer. We have a strong culture, platform, and depth of knowledge in the space that most other companies do not, so I want to leverage that. We are attractive on that level. From talking to companies with emerging technology and products, they like the fact that we are in the operating rooms, that we have these relationships, that the product we sell is very good and has a great reputation, and that our people reflect a winning attitude.

What type of companies are you looking to partner with?

Right now, we want to stay in the bladder cancer space, and in uro-oncology in general. In terms of drug or device, we are agnostic. We can sell a pharma product, a device, or both together. I like the combination; pharma companies don’t want to sell devices and device companies don’t want to sell pharma products, but in the middle is a sweet spot that offers us great opportunity and a certain level of competitive immunity. It is the Blue Ocean Strategy we spoke of earlier.

What do you hope is learnt from the crisis we are currently living through in terms of the life sciences industry?

There is an opportunity for redemption in the life sciences through COVID. With all the talk about high drug prices and other issues, the life sciences industry’s reputation is not great. However, in

our darkest hour of need, with COVID-19 infecting millions of people around the world, our industry is pooling its resources to come up with a vaccine or cures to save lives. This demonstrates our intention to get ourselves back in a place where people and patients come first, and money gets put to the side.

As always, the difficult thing is that investors' expectations are on returns, but we have an opportunity for redemption coming into 2021. If we can find a cure or vaccines for COVID, then get it approved and distributed at record pace, this will set a new benchmark for bringing transformational and life-changing innovations to patients.

What is Photocure's mission?

It is to deliver transformative solutions to improve the lives of bladder cancer patients. We think our technology is, and should be considered, the gold standard in the treatment of bladder cancer. It is hard to find a physician that disagrees with that. It is not necessarily always an easy sell, especially given the need to buy capital equipment, but we have a mission to bring our fire to humanity, and that is what we are doing.

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