

# Jan Tangermann - Country Head, Sandoz Switzerland

---



*I personally feel very privileged to work in an organization with such a rich heritage and major impact on people's lives*

---

10.11.2020

Tags: [Switzerland](#), [Sandoz](#), [Generics](#), [Biosimilars](#), [Strategy](#)

---

*Sandoz Switzerland's Jan Tangermann highlights the importance of the Swiss affiliate to the global group and how it was able to provide sustainable and reliable access to critical and essential medicines during the COVID-19 pandemic. Tangermann also makes a compelling case against the implementation of a reference pricing system and outlines his goals for the future, including introducing more biosimilars to Switzerland.*

## **Can you begin by sharing your career trajectory and background?**

I was born in Hamburg, Germany and studied economics before starting my career at mid-sized family-owned company Hexal, later to be integrated into Sandoz. Hexal gave me a great opportunity to get to know the generic pharmaceutical business inside out, in a very entrepreneurial and customer-oriented culture - from local sales and marketing to international roles, including Head of Marketing for the company's Indonesian affiliate. Back in Germany, I had the opportunity to gain leadership experience and insights into our respiratory development and technology operations over the course of six years.

Afterwards, I moved back to commercial roles, serving as Sandoz's Head of Sales in Germany for two years. Following that, I headed up the Sandoz Retail Business Unit- pharmacy, OTC and wholesale - in Germany, where Sandoz/Hexal is the market leader.

Then Sandoz offered me the chance to join the Region Europe Leadership Team as Head of Sales and Commercial Excellence, with the great opportunity to get to know our different go-to-market models and key accounts across the European markets.

Based on this, I was promoted to the attractive role of Sandoz Country Head in Switzerland, our home market.

**It seems something of a trend for Switzerland country managers to have moved from transversal roles. Why is such a profile relevant or needed in what is a relatively small market?**

Switzerland is extremely relevant to Sandoz, not only commercially as one of the company's top 10 markets but as the home country of Novartis. The dynamic Swiss market is attractive, but complex, with four different language regions and the different go-to-market models of our different sales channels and customer groups.

Also, from a career development perspective, Switzerland requires someone with a multicultural perspective and the bandwidth to manage multiple parts of the business, from retail pharmacy and self-dispensing doctors, via hospital accounts to specialists such as neurologists, oncologists and rheumatologists, whom we serve with our pioneering biosimilars.

**Sandoz has recently changed leadership. How has this impacted its strategy and how is it playing out in Switzerland?**

Our new leadership, represented by Richard Saynor, refocused our organization on what really matters most: Driving access to affordable high quality generic medicines (including biosimilars) for as many patients as possible.

Our strategy has been refined accordingly to focus more intensively on our core generics and biosimilar business, at a time when many global players are moving in the opposite direction.

We at Sandoz are passionate about our purpose, to pioneer access for patients, and our new leadership drives the spirit of a "generic mindset"; making fast and pragmatic decisions while focusing on quality in execution and efficiency in resource allocation. Being part of Novartis, we do profit from the cultural journey of our entire group towards a "curious, inspired and unbossed" mindset. This enables our whole organization to be more open minded and innovative, drives

interest in learning from each other, our patients and our customers, and enhances the feeling of empowerment of all associates. And, with passionate and engaged people, we can better serve the healthcare systems in Switzerland and worldwide.

### **How is this “generic mindset” culture being implemented in Switzerland?**

In terms of focusing on what really matters, one great example is providing sustainable and reliable access to critical and essential medicines during the COVID-19 pandemic. With our broad and high quality national portfolio of more than 200 APIs and 1000 SKUs, we are one of the key providers of medicines in Switzerland and therefore play a critical role for our healthcare system.

In March, the demand for generics increased by more than 40 percent, mostly based on panic buying and stockpiling in the context of the lockdown. For several COVID-critical medicines, demand increased by a factor of 10. Based on our strong supply chain, sufficient safety stocks and responsible allocation policies, we at Sandoz, but also our generic competitors, were able to manage this critical situation and keep access to essential drugs at a high level. At the same time, Sandoz significantly improved its supply performance and reduced the number of shortages substantially – I would say that we passed this stress test successfully! This is only possible with excellent people and a “generic mindset”.

### **How important is Sandoz Switzerland to the global group?**

There are several important aspects to note here.

First, Switzerland is the home country of the Novartis family, including Sandoz, and we have a long heritage in Switzerland dating back to 1886. Serving Swiss patients for more than 130 years with high-quality medicines makes us proud and with it comes the obligation to continue doing so in the future.

Second, Novartis and Sandoz employ more than 12,000 associates in Switzerland and, because of our activities, we contribute significantly to the Swiss economy. The strong presence of Novartis Group in Switzerland means we can tap into a great talent pool and offer exciting career opportunities to our people across divisional boundaries and, based on the global presence of our group, export talents from Switzerland to key leadership positions.

Besides our Swiss heritage, Switzerland is a priority market for Sandoz globally as, based on the trust of our customers and patients, we have a market share of above 30 percent in a highly competitive generic market, as well as strong growth opportunities, which makes us economically important for the Novartis Group.

I personally feel very privileged to work in an organization with such a rich heritage and major impact on people's lives.

**Generics penetration is lower in Switzerland than in comparable European countries with high income per capita like the Netherlands and Germany. Why is this and what can be done to improve it?**

The fact that the Swiss generic market is outperforming the overall pharma market is a clear indication that healthcare professionals, payers and, most importantly, patients fully understand the added value of high-quality generics and biosimilars; but the current growth rate by far underestimates the potential for incremental savings that generics could leverage in Switzerland. Compared to some European countries, Switzerland lags far behind with a generic penetration of only 50 percent. Also, in biosimilars the penetration of a maximum of 30 percent is far too low, leaving significant saving potential untapped. This is clearly something we need to work on.

This is, among other reasons, driven by a negative incentive system for pharmacists and physicians to prescribe and dispense generic drugs. As the current margin system is based on a percentage of the list price, pharmacists earn more dispensing an originator drug than the comparable generic drug, which meets the same quality, efficacy, and safety standards. By removing the negative margin incentive, generic penetration would accelerate up to 70 percent and could fully enable incremental savings of CHF 200 million, to the benefit of the healthcare system, patients and society.

These savings could not only support the stabilization of healthcare insurance payments but would also offer more budget opportunities for life-altering innovations, be they in pharmaceuticals or new treatment standards.

Despite the not yet exploited potential of generics in Switzerland, a reference price system is being proposed by the government. However, such a reference pricing system would destroy existing market dynamics in a liberal and competitive environment. It would also reduce competition in the Swiss market, limit choice and treatment options for patients and thus ultimately reduce the

attractiveness of supply allocation and portfolio extensions for generic players. A fair price level is a prerequisite to compensate the country-specific downsides of small volumes, low economies of scale and high regulatory and quality standards. As a result of the reference pricing system, drug shortages could increase in Switzerland.

The current COVID situation has shown us all again just how important access to essential medicines is at all times – and the Swiss parliament should not put this at risk in a short-sighted way. The value of supply security is way higher than the savings potential reference prices would drive. Other markets like Germany and Netherlands clearly show that the “race to the bottom” can result in a dramatic increase of drug shortages.

### **Which actors are going to be game changers on these issues and ensure that generics penetration can increase?**

Whilst all players in the market agree that cost-containment measures are necessary to keep healthcare costs under control and to create budget reserves for innovative treatments, there are many conflicting opinions on how to achieve these savings.

Personally, I am convinced that the old reflex of criticizing saving measures and passing the buck to somebody else will not help society or us as an industry. But some conservative players in the market still work this way. All players need to collaborate and contribute in order to secure high quality healthcare for an ageing society at a reasonable cost.

The generics industry, represented by Intergenerika, shows ownership and responsibility by its significant contribution to cost-saving measures. We want to make it clear that we are part of the solution and not part of the problem, and we agree that we also need to tighten our belts and help to find new approaches. Together with a strong and reasonable alliance of partners, such as a national association of insurers, the Swiss Association of pharmacists and physicians, Sandoz proposes through Intergenerika alternative ways to generate the same cost savings as targeted via reference pricing without putting patient choice and access to essential drugs at risk. And all of us are willing to contribute to this.

### **What is the Swiss generics industry’s alternative proposal to a reference pricing system?**

Based on our proposal, incremental savings of more than CHF 200 million annually can be generated by removing the negative generic margin incentive for doctors and pharmacies and thus driving generic and biosimilar penetration up to international standards.

Additionally, we propose contributing more than CHF 50 million in savings by increasing the price difference between generics and originators and the frequency of price adjustments from three years today to annually. These savings have been validated by the BAG and can be achieved by adapting existing regulations and without the lengthy and risky approach of changing legislation.

Thanks to this efficient and elegant proposal, our strong alliance managed to convince not only the Swiss Health Commission of the National Council in August, but also the National Council on 29<sup>th</sup> of October 2020, to vote against implementation of the reference pricing system and in favour of our alternative model. We understand the broad acceptance of our proposal as a commitment to fair prices of generics, ensuring a high level of supply and patient security. We hope that our proposal will also convince the council of state, which will debate it early next year.

**How many product categories does Sandoz have in Switzerland and how difficult is it to remain economically viable in the Swiss system as a generics company?**

We have 200 APIs and more than 1000 SKUs here from A-Z along the entire portfolio. However, with low volumes combined with the high regulatory standards of Swissmedic, the implementation of reference pricing would be devastating. To launch a generic in Switzerland, a company needs the entire portfolio and SKUs of the respective originator. That means that, even if the originator is selling 80-90 percent of its portfolio SKUs only in one dosage strength or form, the generics company needs to launch the other 10-20 percent of all forms, even if the generic volume and prices are lower.

This only makes sense, based on low volumes and high quality standards, if the price is fair and reasonable for all stakeholders, patients, payors and us as industry. Reasonable prices are also important for ensuring sustainability so we can have planning security and defend the portfolio in terms of the investments we are making here in Switzerland.

**The COVID-19 pandemic has shone a light on the importance of robust manufacturing supply chains and regionalised manufacturing for essential medicines, especially in Europe. What role does a company like Sandoz have to play in this?**

Supply resilience and cost competitiveness are the basic requirements for sustainable production in any geography, without compromising on quality and Health, Safety and Environment. Unlike many international competitors, Sandoz has maintained a strong manufacturing base in Europe and has integrated supply chains in key areas like anti-infectives and biosimilars.

Strong regional manufacturing networks and dual sourcing strategies allow us not to put all our eggs in one basket and this helps us to secure sustainable supply in volatile and critical times such as these. As a market leader in Europe, we are aware of our responsibility to provide access to high quality medicines and continuously invest in our capacities and capabilities.

One recent example is the announcement of a significant investment in our anti-infectives manufacturing site in Kundl, Austria, which is the last integrated penicillin manufacturer in Europe. Despite fierce global price competition, Sandoz commits to penicillin production in Europe for the next 10 years and this secures access to this essential category of medicine. The co-investment of the Austrian state underlines the political relevance of this decision.

**With the Austrian government also contributing to Sandoz's Austrian antibiotic plant, do you feel that European governments are hearing the generics industry more than before and have more appreciation of its value?**

Yes, currently, we see an interesting dynamic in public and political opinion driven by the COVID pandemic crisis, which is driving appreciation of the critical role a well-functioning generics industry plays in such times.

While in the past the discussion was completely focused on lowering drug prices, the public and governments are now more aware of the need to find the right balance between price, quality and supply in order to optimize sustainable access. We at Sandoz welcome the fact that the focus of the discussion is shifting to all three components.

**What would you like to achieve at the helm of Sandoz Switzerland?**

Priority number one is increased generic penetration and driving contributions to healthcare cost savings without sacrificing quality, meaning no reference pricing but further support for our alternative proposal.

My second priority is biosimilars. The Swiss biosimilar market is evolving, albeit later than in other countries. My team and I think of ourselves as pioneers of biosimilars in Switzerland, where we are the market leader with seven different approved drugs.

Biosimilar penetration is only 30 percent compared to 50 percent for standard generics, yet biosimilar cost-saving opportunities are already over CHF 100 million per year. Adaption of regulations like the current misplaced margin system are urgently needed to assure realization of the entire savings potential, which would lead to lower insurance premiums for all citizens. I would like to contribute to this.

And, as I am passionate about people and all goals are only achievable with great talented people and leaders who believe in them, I would like to have built and developed the best team in our industry and a source of talents for Sandoz globally.

### **What is exciting about working in the generics industry?**

Even after 20 years' experience in this industry, I am still excited and highly engaged by our positive purpose: pioneering access for patients. And doing so in our home country makes me particularly proud!

[See more interviews](#)