Christiane von der Eltz – Country Speaker, Merck Switzerland



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Merck Switzerland's Christiane von der Eltz highlights the German firm's recent big investments in Switzerland and how it forms a key part of Merck's global research and manufacturing networks. von der Eltz also explains how Merck Switzerland managed to successfully navigate the numerous challenges brought about by the COVID-19 pandemic to maintain growth in 2020 and continue to deliver innovative solutions to patients. Finally, she outlines the increasingly important role that agile management strategy plays for the affiliate.

Although Merck's global headquarters are located in Darmstadt, the company has a significant presence in Switzerland with almost 100 years of history, a global hub for biologics manufacturing, and over USD one billion of investment in the last ten years. How would you characterise the strategic importance of Switzerland to Merck?

Indeed since 1929, Merck has a strong and growing presence in Switzerland in the Healthcare and Life Science areas. These include five manufacturing sites bringing expert and high-quality products to the world. We currently employ 2.500 people across eight different sites – making us the sixth-largest country for the global group on that employee number metric.

With our sites in Aubonne (VD) and Corsier-sur-Vevey (VD), Switzerland is one of Merck's prime hubs for the manufacturing of biotech medicines serving patients from all over the world and plays

an instrumental role in the growth of our Healthcare business sector and the launch of new medicines worldwide. Switzerland is also the home of the Merck Global Health Institute and of our Connected Health & Devices unit, both based in Eysins (VD). Our Healthcare business in Zug (ZG) is dedicated to serving the needs of the Swiss market.

With our Life Science business sector's sites in Buchs (SG), Schaffhausen (SH) and Altdorf (UR), Switzerland is a key hub for the development and manufacturing of analytical standards, certified reference materials, critical pharma raw materials, as well as customer-specific pharma intermediates, active pharmaceutical ingredients and drug delivery compounds.

Merck recently announced big investments in its Aubonne and Vevey sites. What was the rationale behind this?

Switzerland generally offers attractive conditions and a stable environment for international companies. The country offers an environment favourable to innovation, a good infrastructure, a highly skilled workforce, and good quality of life – which helps to attract and retain talented employees. We expect that these attractive conditions will be maintained in a stable manner over the long term.

Over the past two years, a number of significant investment projects have been announced for Switzerland. In March 2019, we announced a EUR 150 million investment for the expansion of our biotech manufacturing site in Aubonne. Following this, a EUR 250 million investment was announced in January 2020 for a new Biotech Development Center situated in Corsier-sur-Vevey. In July 2020, we announced an EUR 18 million investment in a new laboratory facility in Buchs that will support Merck's rapidly growing reference materials business. Besides these transformational investments, we will also continue to invest permanently in our manufacturing sites, in Switzerland like everywhere else in the world, to maintain them at state-of-the-art industry levels.

How does Merck's Swiss affiliate benefit from this significant presence in the country?

It is always good to be a big player in a country! Having so many employees and such a large footprint helps with employer branding and visibility. Internally, the experience of COVID-19 has actually brought some benefits as cooperation and communication between the different sites has increased, this is something that we can retain and build on beyond the pandemic for benefit of all.

What are your priorities as Country Speaker for Switzerland how have they shifted during the COVID-19 pandemic?

Firstly, it has been of paramount importance to prioritise the health, safety and well-being of our employees as well as ensuring the continuity of our operations and continue to build for the future. Merck does not only produce for Switzerland here but for international markets as well. Avoiding stock outages was challenging at certain points, as was the raw material supply chain and providing protective equipment to our employees working in the production sites. Many production staff were not able to work from home and even had to work more during this period to meet demand. We are extremely proud that we were able to succeed in addressing and solving these challenges and that our employees were able to go the extra mile and rise to the tasks in front of them.

The pandemic has been challenging for all of us. One example is within our Healthcare Business in Switzerland where we focus on fertility hormone products that help patients to create life. The specific challenge was the temporary closure of fertility centres where patients receive treatment, however, this did not last for long and did not lead to a sustained reduction in the provision of treatment. In Oncology, despite reports of fewer cancer screenings due to the pandemic, we did not see a huge influence in our numbers. Within the Neurology & Immunology space, where we are present in the market with 2 products to treat Multiple Sclerosis, there were initially several questions from treating physicians. These included the requirement to understand how the disease itself influences the severity of COVID-19, the COVID-19 vaccination, and any influence for the different MS treatments. However, with time, we have been able to see more data between the different variables. For example, a recent independent study from Israel has shown that MS patients who have been treated with one of our MS medications and then received a COVID-19 vaccine were able to mount an antibody response similar to that of healthy subjects or untreated MS patients

Overall, with extensive team collaboration and focus, we have been able to deliver on our plans and even increase our business in the Swiss affiliates.

How has Merck Switzerland managed to grow despite the COVID challenges? Is it a result of the company’s highly specialised portfolio?

Yes, as well as probably the fact that, overall, Switzerland has been less affected by the pandemic than some other countries in Europe in terms of the length of lockdown periods and fewer restrictions on interactions with doctors.

Furthermore, our life science business sector now plays a key role in the fight against COVID-19. We produce more than 200 items for companies manufacturing COVID-19-related diagnostics, drugs, and vaccines. Additionally, our Schaffhausen site has ramped up its production significantly for critical lipids used to produce the Pfizer-BioNTech COVID-19 vaccine.

In oncology, how does Merck differentiate itself in Switzerland, home to some real global giants in the field?

Merck is very specialised in certain areas of oncology. To date, we have two products on the market in very specialised indications, one being Erbitux® for certain forms of Colorecatal and Head &Neck Cancer and the other being the immuno-oncology product Bavencio®, which we market together with Pfizer. Bavencio® is on the Swiss market for the rare indication of metastatic Merkel cell carcinoma (mMCC) but has recently been approved in Europe for advanced urothelial cancer. We also expect to receive an approval in Switzerland, where there is a huge unmet patient need. Additionally, a third oncology drug from Merck is set to be approved in Switzerland this year for a form of lung cancer.

In addition to our proprietary drugs, we are also engaged in in-licensing. An example of this activity is the recent announcement of a worldwide in-licensing agreement with Debiopharm, Lausanne, Switzerland, for the development and commercialization of the first inhibitor of apoptosis protein antagonist in head and neck cancer.

What has your experience of working with Swissmedic been? Are Swiss regulatory requirements more stringent than elsewhere in Europe?

We have a good relationship with Swissmedic based on a positive working experience to date. Sometimes the questions asked (and the conclusions reached) are different. Some drugs have received a different indication in Switzerland than in Europe and vice versa. This is not an experience that is unique to Merck; many other companies face similar issues.

Interpharma's René Buholzer told us that the access bottlenecks in Switzerland lie not in the approval stage but in reimbursement; only 11 percent of new medicines were reimbursed within 60 days post-approval in 2020. Does that ring true to Merck Switzerland's experience of bringing innovation to market?

Early access for patients is vital, especially for life-threatening diseases such as cancer. Patients suffering from these diseases cannot afford to wait an extra six months; they need access as soon as possible. Therefore, there is definitely room for improvement in terms of reimbursement speed here, which would facilitate better patient access.

However, Switzerland's Article 71 system does help ensure that individual patients can benefit from early access to certain treatments. It is a good bridge towards the final reimbursement, but it is done on a work-intensive case by case basis and is dependent on the individual health insurance.

Just last week, I received a letter from a cancer patient, who was extremely grateful to have been able to benefit from one of our drugs already before it was widely available in this indication. Receiving such feedback reinforces the purpose behind our work.

The Swiss reimbursement landscape is increasingly cost-conscious, with two new cost containment packages set to be enacted this year. How do you assess the current situation in Switzerland for innovative companies like Merck, and how does it compare to your previous posting in the Netherlands?

The two cost containment packages are definitely creating challenges. All systems – whether in Europe or globally – are being tested by ageing populations and high healthcare system costs. In Switzerland, the population really appreciates the high quality of medical care available and are not particularly willing to compromise that. There are high expectations of the healthcare system here.

We in the pharmaceutical industry already contribute significantly to cost containment. Moreover, the cost savings that innovative treatments can bring – such as allowing patients to leave the hospital earlier – should also be taken into consideration in reimbursement discussions, as also should be Switzerland's high quality of life standards.

Cost containment is a difficult question for healthcare systems to manage, but it is very important that the various stakeholders in Switzerland come together and discuss potential solutions. As a pharmaceutical company, just saying "no" to decisions is not productive. We constantly propose

alternatives such as outcome-based payments. There is still a road to travel but – together with Interpharma – we are bringing several innovative ideas to the table.

Better utilisation of real-world evidence, backed by a facilitating infrastructure will also be important in this push. There is more work to do in this field, but it is not rocket science; the benefits of aligning all stakeholders on a single system are obvious.

As an advocate of agile management, what do you see as the characteristics of Swiss teams and how well can concepts like these be applied in the country day-to-day?

In general, people living in Switzerland are quite regulated, meaning that implementing an agile way of working really brings an advantageous approach for them. Agile leadership and project management have had an immense impact on collaboration, trust, speed of implementation, and being able to set the right priorities. It has also increased our attractiveness as an employer and continues to do so.

We have also structured our office in a modern agile way, moving to an open-plan setup, reducing bureaucracy, and levelling off decision making, meaning that decisions can be taken at the lowest possible level. Even pre-COVID-19 we had already introduced a ‘future way of working’ approach. Our employees have increased flexibility to work from home, job share, or work part-time also in leadership positions. This has meant that the switch to remote working during COVID-19 has not led to any business interruptions.

What are the challenges in implementing such a forward-thinking working culture in a historic company like Merck? Is there a balance to be struck between maintaining the company’s heritage with looking to the future?

Absolutely. We are the oldest pharmaceutical and chemical company in the world with 353 years of history but, on the other hand, our culture is open for innovation and digitalisation. Merck is continuously re-inventing itself pushing for a curious mindset. From a leadership perspective, we are constantly looking at what we can we change to place our employees in the best environment with development opportunities that deliver the best results. The evolution of our organisation and positioning is also reflected in our colourful and vibrant branding.

Switzerland does not rank particularly highly within Europe in terms of women in leadership. As a female country leader yourself, and as part of one of the few top pharma companies with a female CEO, how would you characterise the importance of diversity to Merck Switzerland?

Diversity is key to the success of any company. Throughout my working life, I have always been a strong proponent of diversity. At Merck Switzerland we have a very active Diversity Council and a Rainbow Network, covering not only gender diversity, but also diversity of culture, religion, age, and sexual orientation.

50 percent of our Swiss leadership team are female, and, beyond that, we have worldwide diversity programs on women in leadership to allow our female talent to progress in their careers.

An important topic on my agenda is family and leadership, especially allowing women to combine having children with a career. This is a big issue in Switzerland, where most women choose to work part-time often with a low percentage once they start a family, thereby restricting the acceleration of their careers. There are several reasons for this – including emotional ones as well as the high costs of childcare – but I hope to see more role models who can prove that doing both is possible.

How willing are women in Switzerland to grasp these leadership opportunities?

There is a growing receptiveness. However, we in management can open doors, but it is the women themselves that have to walk through them. This topic is gaining momentum in Switzerland, with plenty of initiatives in place.

At Merck, we now have a figurehead in our CEO Belén Garijo, who has managed to combine having children with a fantastic and inspirational career; her story can serve as an example of what can be achieved.

Having been in position for three years, what do you hope to achieve in the next three?

I want to take the organisation even further along the journey towards becoming truly agile. Being an agile and truly digital organisation will help us to be able to react quickly to unexpected changes both from inside and outside the company and to continue to challenge ourselves to be more and more innovative. It will also serve as a key point of differentiation in the industry when hiring new employees. Continuing to foster women, and especially mothers in leadership is another

core part of our strategy.

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