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Turkey has a unique value proposition, bringing European perfection at an affordable cost, and Novartis has made investments to make the country a quality export launchpad

29.06.2021

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Avinash Potnis of Novartis Turkey discusses potential solutions to the country's access and pricing dilemma which has raised concerns of system sustainability. Potnis also highlights the strengths of Turkey's healthcare infrastructure, workforce, and the country's prospects as a globally competitive innovation hub.

Can you begin by introducing your long career in the pharma industry and how you came to be in Turkey after many roles in Southeast Asia and Switzerland?

I started my career in Sandoz India back in 1993, working in the export and new business development division. Novartis was formed after the merger of Ciba-Geigy and Sandoz in 1996 and I was part of the Animal Health Division. In 2000, I left the group and joined an Indian company, but came back to Sandoz, Novartis' Generic Division in 2005. I then moved to Vietnam, the Philippines, which was my first country head job and then to Thailand where I oversaw Asia distributor markets.

In 2008, I moved back to Vietnam to work with Novartis Pharma, managing pharma, oncology, OTC, eyecare, animal health, vaccines, and diagnostics. Following that, as Malaysia Country President we signed a landmark memorandum of understanding with the country's Minister of Health to provide access solutions to cancer patients. Later, I moved to Basel where I was head of ophthalmology for the Asia, Middle East, Australia, and Africa region and was part of the Alcon

integration into pharma. Finally, I moved to Turkey in the end of 2017.

Can you tell us more specifically the current scope of your responsibilities in Turkey?

I oversee the pharma business in Turkey, which is the company's largest in-country business with over USD 300 million in revenue and 400 employees. Novartis has three divisions here in Turkey: pharma, oncology, and generics via Sandoz, as well as a separate legal entity for manufacturing operations.

Turkey is often looked at in terms of the challenges it presents rather than the opportunities. When our CEO Vas Narasimhan came here in 2019 he saw that we were an efficient manufacturing and exporting organization and commercially very productive team with 285 sales force that produces over USD 300 million per year; more than a million per rep.

Turkey is also a cultural gem within Novartis as a flat organization where people have a high level of curiosity and are inspired to build a future. There is a hunger for innovation here.

This is the place where the company can invest, build, and create a global export hub. Turkey has a unique value proposition, bringing European perfection at an affordable cost, and Novartis has made investments to make the country a quality export launchpad.

How does Novartis' approach to an "unbossed" culture fit in Turkey?

Providing freedom, trust and space for innovation is core to the unbossed culture. Of course, you need a certain level of control and processes to operate efficiently. The unbossed culture means empowering people to make decisions, take initiative, and co-create. Turkey fits well into this frame because our associates are agile and have embraced the company's move from a process-based organization to a principle-based one. When employees are empowered to take action and responsibility, they end up making quality decisions.

Something unique about our Turkish organization is that over half of the employees are millennials; they have been brought up in a completely different world compared to their predecessors. Millennials need space for themselves and want to make decisions; they have innovative mindsets but need opportunities to develop their ideas.

Gone are the days where you led only by the knowledge and experience you gathered. So much information is now available online content leadership is increasingly being replaced by affiliative leadership.

Speaking about the particular characteristics of Turkish people and Turkey in general, how have you dealt with the volatility associated with this market?

This is a complex job, there is no getting around that. It is a 24-hour job because things can change overnight. Within six months of my arrival, we had a significant currency devaluation, something that has continued to date. We have to manage our business responsibilities carefully; every year the growth we put on top-line we lose to devaluation. The regulatory and reimbursement processes have jammed and Pharma spending as a percentage of GDP is constantly going downward.

What has helped me personally in this context is my previous mistakes in managing complex markets; Turkey is surely not a first country manager job for anyone because you need both people and performance agility. You have to balance all the different counterbalancing forces: strategic vs operational, global vs local, and people vs performance.

The upside to all of this is the team we have; Turkey really has a unique talent pool.

We have achieved success here by being curious, being open to each other's ideas, aligning with stakeholders, supporting healthcare partners and staying ahead of situations. We have adapted the 'Customer in, product out' approach to reach twice as many patients twice as fast. During these three difficult years, Novartis Turkey has improved business results with proactive and efficient cost management. However, it is becoming an increasingly difficult battle for survival due to stalled regulatory and access processes.

What mandate was given to you by the organization as one of the few foreign Big Pharma affiliate leaders in Turkey?

The Turkey assignment fits both my values and my passion. Authenticity, humility and honesty are the three values of respect and these values are abundant in Turkey; everyone shares those values, making it a perfect match for me.

My passion is for people and patients and, since we are the largest pharma company here in Turkey with an incredibly innovative pipeline, we have an opportunity to reach around six million

patients by 2025. We already cater to three million patients in Turkey, so the question is how to reach twice as many, twice as fast? Talent development is also crucial; we have developed more than 30 Turkish talents to assume global leadership positions in the last three years.

The mandate I was given was very clear: make Turkey a priority for new launches. Since the majority of the population is covered under social security, we have a unique opportunity to provide Turkish patients with early access to innovation. Turkey's healthcare ecosystem can be shaped to make it a very attractive destination for innovation in, and quality export out.

At a time when other executives are highlighting a significant backlog in approvals, what are the indicators that give you hope that Turkey can improve in terms of access?

I can give the example of our innovative treatment for moderate to severe plaque psoriasis, psoriatic arthritis and ankylosing spondylitis. The patients accessed the product since 2018 and, after three years, Turkey is already one of the top countries as far as treatment outcome is concerned.

It does take time to go through the regulatory and reimbursement process here, but once approved, products are able to reach every patient. The current question is about the sustainability of the ecosystem due to low pricing, delayed access and limited budget; today, Turkey spends less on pharmaceuticals than the OECD average. It is less than one percent of GDP.

If this continues, the ecosystem will discourage companies from launching new therapies for needy patients. It can affect clinical trial investment because it would not be ethical for companies to bring innovative treatments only to have those patients not be able to continue the treatment post-closure of trials.

A solution is not to look at pharma products from a price perspective alone, but instead to take a value-based approach. For example, the value of our chronic heart failure therapy is not measured by the price but by the time a patient stays out of the ICU, reduced mortality and finally the quality of life patients gain. Something that should be taken care of immediately is the artificial exchange rate to Euro used in the imported product pricing system. It is almost half of the actual rate.

My mandate for Novartis and Pharma industry association, AIFD, where I serve as vice-chairman, is to partner with the government and find a solution for Turkish patients.

What solution are you advocating to increase the sustainability of the system in your role at AIFD?

We are taking a three-step approach. First, the government shall look at the industry as a partner and not as a cost; the COVID-19 pandemic has highlighted this need to partner with the innovative pharma industry to help patients.

Second, we have to incentivize innovation because if there is no innovative industry, there will be no generics industry either; if you do not have an innovative industry today, there will be no generics industry in ten years.

Third, we have to make the Turkish industry world-class. The base is already there as the country has enough healthcare coverage, great healthcare infrastructure and is even a medical tourism hub. The nation has amazing technical expertise and doctors. Everything is available and you only need the right mindset and incentives for innovation. How can we dream of Turkey being a health tourism hub if we block the pipeline of innovative products coming to the country?

What are some of the initiatives taken by AIFD to build bridges with stakeholders in Turkey?

We have decided to partner with the authorities on creating a regulatory pathway for biosimilars since the Ministry of Health's objective is to set up the country as a biosimilar hub, but you cannot just bring any biosimilar. Biologics are very different from chemical drugs and the standards have to be compatible with the global standards if the country is to become a hub for biosimilar exports.

The second thing we have communicated is our desire to help the government to fix the pricing issue. Currently, just three percent of total pharma spending is dedicated to innovative products. We propose an actual exchange rate for new products which will encourage companies to bring cutting edge therapies to Turkey. Turkey can participate in global clinical trials, helping patients access new treatments earlier and attracting investment in research.

Fortunately, both the multinational and local companies have aligned approaches: make Turkey strong in biosimilar exports, improve regulatory and access timelines, and fix the pricing issues.

As the lead sponsor of clinical trials in Turkey, can you talk about the company's approach to development in the country?

Novartis has a huge clinical development platform and globally spends around USD 9 billion each year on R&D. We have two platforms: one is biomedical research focused on pre-clinical development, from concept to formulation, and the second is global drug development (GDD) which works on clinical development. We have more than 300 assets in pre-clinical development and 160 assets in clinical. Novartis is far ahead of the curve, even from an outcome perspective, since it had 26 approvals in 2020.

Because of the technical expertise and hospital infrastructure available, it is always beneficial for patients to bring trials to Turkey where there is fast recruitment, turnaround, and trials can be closed on time. Turkey is an attractive destination for global development trials for its ethnic diversity. Even real-world evidence for post-marketing surveillance (PMS) studies Turkey is a highly efficient country.

That is why access and fair pricing is important because it will attract more clinical trials which are not only about patient recruitment, but also a good opportunity for local doctors to become better engaged with the global healthcare ecosystem.

Additionally, clinical trials are important for the continued success of the Turkish medical tourism industry, ensuring that products are made available for international visiting patients.

Regarding the innovation being brought to market by Novartis, how important are your cell and gene therapies for Turkey?

They are a game-changer both from an emotional and commercial perspective. Treatments for neurologic and retinal genetic diseases are approved by all the key global regulatory agencies and already launched in the USA, Europe, Japan and many more markets. Novartis is keen and willing to partner with the government to bring these therapies to Turkish patients. Fortunately, Turkey is one of the most advanced and coordinated hubs I have seen, where the treatment units are supported by the genetic labs, making it easy to identify specific patients for specific treatments. Novartis is keen to launch the Cell and Gene Therapy unit in Turkey soon.

What is your message for other pharma executives that see Turkey from the pricing and currency challenges perspective?

The global industry should not only look at Turkey as a problem child; the large population, good healthcare infrastructure and universal coverage make it one of the advanced pharma markets. It

will become a more attractive market if we welcome innovation and incentivize existing and new investors. Hence, Turkey has the opportunity to become both an innovation and investment hub. Personally, I love this country and always say that everyone should visit Turkey or even live here some time.

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