

Interview: Dr. Jan Frederic Kesselhut â?? CEO, Servier Hungary



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17.06.2016

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The recently appointed CEO of Servier Hungary, Dr. Jan Frederic Kesselhut highlights his initial perceptions of the Hungarian pharmaceutical market and depicts the significant role that the Servier Research Institute of Medicinal Chemistry (SRIMC) in Hungary plays in the groupâ??s overall R&D activities. He also elaborates on the crucial importance of maintaining open communication channels between the three primary stakeholders encompassing the patientsâ??government, doctors, and pharma companiesâ??when introducing new innovations into the healthcare system.

What items have been at the top of your agenda since taking over the helm of Servier Hungary in October 2015?

In my first six months, it was very important for me initially to understand how the medical environment is functioning and in particular the medical education system works, while also simultaneously meeting the key people in our core medical indicationsâ??spanning both government and healthcare practitionersâ??to determine where Servier can add the most value with our therapies, insight, and investments.

When it comes to Eastern European markets, the central issue always comes back to price when working with innovative products. There is simply no circumventing this matter. As such, you have to immediately start thinking about the next steps and equip the proper negotiation skills to effectively engage the right partners, particularly here in Hungary.

Industry aside, the local environment was extremely important for me to understand. Everything is related to medical education. For managers overseeing an entire subsidiary, we tend to move directly into the business operations, forgetting sometimes where exactly the healthcare pathway begins. The quality of medical education here in Hungary is especially outstanding. There are some very reputable academic institutions in the country—Semmelweis University in particular. They offer medical education in three languages: English, German, and Hungarian. This provides significant value to the country, attracting students and teachers not only across the nation, but also internationally—ultimately helping to maintain or even increase the quality of medicine in the country.

Having been working in the country for several months now, what have been your first impressions of Hungary's pharmaceutical industry and overall healthcare system?

Speaking specifically about the medical needs, there are, of course, more globally pervasive disease segments such as cardiovascular and diabetes present, but what has been truly notable in Hungary is the rate of cancer mortality—which is exceedingly high when compared to other OECD countries. The other notable statistic is the number of suicidal deaths associated with depression. We can make an important contribution in these two areas through substantial investments in R&D and, beyond medical intervention, facilitating education, training, and awareness.

For example, our antidepressant drug has already been on the market for 6 years, and it has recently been designated as Hungary's medicine of the year. There exists a certain level of trust among doctors and patients. And although the doctor is not the user of the medicine, he or she has experience with clinical studies and patient feedback. Similarly, we aim to establish the same type of trust between the doctors and the company—and we're very proud to have achieved that in the past 6 years. It's the first antidepressant that has ever received this prestigious prize in Hungary.

With regards to cancer, it's crucial to create an environment in medical hospitals that fosters early diagnosis and treatment—working in tandem with the three primary stakeholders including government, doctors, and pharma companies, all collectively incorporating the patients' needs.

It's also important to consistently introduce new innovative therapies to the country, and here in Hungary we start that process quite early on through the Servier Research Institute of Medicinal Chemistry (SRIMC). Established in 2008, this molecular research center is the only one of its kind outside of France, and one of the primary focuses is to find new cancer therapies. Actually, through the hard work of our scientists, two new molecules have already been discovered and are currently undergoing phase I and II studies.

How does SRIMC speak to the quality and technical aptitude that Servier sees in Hungarian scientists?

Even throughout history, Hungary has always been an innovative country. The sheer number of Hungarian Nobel laureates is simply unprecedented. Semmelweis University was actually named after a Hungarian scientist by the name of Ignaz Semmelweis—an early pioneer of antiseptic procedures that still produce a far-reaching impact today in reducing infections in hospitals.

One of the Servier's first patents ever was developed by a Hungarian scientist named Dr. László Beregi, who worked as a research director within company until the 1980s, primarily in the fields of diabetes and cardiology.

We now have 50 similarly innovative and science-driven Hungarians working at the institute to help build the group's future and invent products that contribute to the advancement of science. And it's important that we provide the proper environmental support to enable their success, and in

turn, our own.

Servier's research is based on cooperation more and more. The Budapest research center has been collaborating with partners all around the world, both within the Servier organization and with academic groups and biotech companies in Cambridge, UK and other countries. It's very much involved in cooperation at a local level as well, with Hungarian universities, other research institutes, as well as the start up community together forming an unparalleled matrix of knowledge.

How much of an emphasis will portfolio structure play in the company's strategy moving forward?

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It's very important that we are looking very carefully at our portfolio. It's the crucial point that can entail a multitude of different strategic avenues ranging from evergreening a product to focusing on true innovation. I strongly believe that we have to do a mixture of both. Evergreening products use usually quite mature, but it's not always the end of their stories even though some products may be out of patent; they still have a very important place in the given therapy and an important added value to the patient. While, others might be declining in turnover, in which case, they can then be compensated with the innovative therapies. Of course we always hope that a particular product will become the next blockbuster, but you never know. A lot of things can change, but I truly believe there are a lot of blockbusters in our pipeline.

When we met Servier's CEO, Olivier Laureau, he had mentioned that a vital matter for regulatory authorities moving forward is determining the fair price of innovation. How have Hungarian authorities performed in this regard?

It starts by removing barriers in the market. We do that by first identifying the priorities and then working with the primary stakeholders. Priorities could be cancer or other diseases. And if the government has dictated a certain priority, then of course investments should flow in that direction. To effectively accomplish these objectives, however, there needs to be fewer barriers so that pharmaceutical companies can bring more innovations to the market and benefit patients at an earlier stage. It makes no sense that pharma companies invest billions of dollars into developing increasingly innovative treatments for patients only to have them stopped at the door due to regulatory restrictions. To this end, it's imperative to engage in open discussions with the relevant stakeholders such as regulators and payers to remove these types of barriers where appropriate.

It's crucial that companies get their products in reimbursement at a very high level. From our side, it's important to remove the market barriers so that we can give innovations to the patients with a very low co-payment. The lower the co-payment, the better the access for patients, and the better the population's health outcomes. Reimbursements come in at varying degrees, so price, as I mentioned, is a question that we need to always carefully evaluate on our end.

In the context of Hungary's market barriers, what is the most effective way then of introducing more innovations into society?

The pharma budget in Hungary is quite limited compared to other OECD countries. As such, we have to prove in real life that a given product comes with the stated benefits and we must be particularly diligent in providing real world evidence of efficacy and added value, otherwise reimbursement will be lost.

The point is that innovation needs to be seen as an innovation, and proven accordingly whether that's through mode of action, therapeutic benefits, or efficacy. If you can adequately measure

the value of your innovation, then you have something in your hands that everyone would be willing to discuss. It's extremely important that the innovation has benefits to the patients and the doctors; only then can it become easier.

But, at the end of the day, the focal point always comes back to the patient, nothing else. If you can show this to all the stakeholders involved—payers, researchers, doctors, and of course patients—then you will be successful. To achieve this, research is fundamental. Success cannot come from merely creating a molecule without providing any support for the development of the medicine in the market. You need to have this proof and demonstrate value, which is an aspect very unique in the promotion of the product and requires thinking in three dimensions—incorporating considerations for all primary stakeholders.

Hungary has served as one of the most prominent investment destinations for clinical trials in Europe. In what way has Servier taken part in this trend?

Hungary has one of Servier's leading clinical research centers among Servier's global network of International Centers of Therapeutic Research (ICTRs), particularly when it comes to patient recruitment. The number of HCPs involved in clinical trials conducted in Hungary exceeds 500 per year.

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We strive to have doctors involved in clinical research as early as possible. The starting point of the medical indication is ensuring that well educated doctors are remaining in the country and creating an appealing environment that preserves the quality of care. Once these professionals are equipped with the proper level of training and education, we then make every effort to involve them in our clinical research programs.

The same doctors are then equipped with the latest knowledge in cutting-edge therapies and should always be among the first to prescribe these products that have successfully emerged from the clinical development process to patients in need.

Essentially, the goal is to have molecules discovered, developed, and ultimately prescribed in Hungary.

Having worked across multiple geographies now, how have you gone about adapting your leadership style when constantly switching from place to place?

Many people in my position often forget that when moving from one country to the next, you're always a guest. It's not about me, as I'm welcomed by the Hungarians, and first and foremost they deserve to be respected accordingly.

My mission is very simple: to make these people successful and give them maximum respect. I'm not only responsible for the people in our organization, but from a broader perspective, their families as well. My leadership needs to be specifically adapted to their context, as their individuality stems from the developments in this country, and this country alone.

Before coming to a new destination, I try to teach myself as much as possible about the history, the culture, the successes, and the overall background because an effective manager must incorporate all aspects of the business: political, financial, social, and personal. And it's definitely crucial to first establish a foundational knowledge base, but perhaps even more importantly, to also ask questions without hesitation and clarify what you do not know.

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