

Interview: Ludo Ooms – Managing Director Switzerland-Austria, Janssen



Johnson & Johnson and Janssen are deeply engrained in Switzerland

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Janssen Switzerland's Ludo Ooms highlights the strengths of the Swiss healthcare and life sciences sector including the efficiency of the government, a productive and well trained workforce, the national pricing system, and the climate for innovation; all factors which make Switzerland a strategic market for Johnson & Johnson and Janssen.

What is the baseline strategy for Janssen in Switzerland? You are responsible for two different systems, the Austrian and the Swiss, so are your strategies cohesive? What are the key pillars?

The strategies are cohesive but executed in different ways. As a company and as a person working at this company, we want to make sure that every patient gets the right treatment at the right time. We bring a sense of urgency to our work because we know what is at stake. This all starts with the patient, which is consistent with the Johnson & Johnson Credo and the message Dr. Paul Janssen – our company founder- used to motivate his teams: –Patients are waiting. – This is a constant reminder that we are not here to just do a job; we are here contributing to improving people's lives and help them enjoy the precious moments. We have to understand the patient's situation and needs very well to ensure that we can bring the right treatments to them. Working in Switzerland and Austria we have different healthcare and reimbursement systems, but we also have similarities in marketing and medical affairs where we can align the strategy. It starts with market access. Fortunately, we have innovative products. We work with doctors and stakeholders to improve the outcomes for patients e.g. on improving adherence, to find better methods to ensure that patients

are compliant with their medication. This is because we feel at Janssen and Johnson & Johnson that we have a responsibility not just to the patient, but also to keeping the healthcare system sustainable. This is the way to bring the best solutions to the patient and to society.

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Could you tell us more about Janssen's connection with Europe?

Johnson & Johnson and Janssen are deeply engrained in Switzerland. Janssen is the combination of Janssen - founded by Dr. Paul Janssen in Belgium in 1953, and acquired by Johnson & Johnson in 1961 and Cilag, acquired in 1959. Cilag was founded by Dr. Bernhard Joos in Switzerland in 1936. In 1994 Janssen and Cilag merged and since 2010 are operating under the Janssen brand name. We have a long history in Europe and in Switzerland. At Johnson & Johnson in Switzerland we have more than six thousand employees. Approximately two-third of our employees are working within the supply chain function, which is a testimony to our investment in assets and employees. As a company we are important for the Swiss economy not only because of local activities, but also due to exports and employment.

Switzerland is an expensive country to operate in, what validates your decision to manufacture here?

It is absolutely true that Switzerland is expensive. In terms of manufacturing, we have a highly sophisticated plant here in Schaffhausen that employs about 1200 people. This is a biological plant which produces only high end, high value, and complex products, of which more than 90 percent are exported. We have a team of highly skilled and passionate employees, engaged in activities which create significant added value for the company and the community.

Another element is the reward for innovation. The process to provide access to innovation for patients is relatively quick and there is reward for innovation. Our strength is in market access. It is our aspiration to be a transformational medical innovator. We focus on unmet medical needs, where we can add new solutions for treatment and make significant contributions towards improving global human health

In terms of diseases, it is assumed that there is a cure for every disease although in reality approximately two thirds of diseases do not have a cure yet. That is where Janssen focuses and Switzerland allows for that due to the reward of innovation. Costs are of course very important, and I stress this, but the value we can bring in Switzerland is also an important factor. There is the bottom line to consider and Switzerland has a competitive corporate tax regime, which plays a role in supporting innovation.

At Johnson & Johnson we use the Swiss and Austrian market as a place to develop talent. Switzerland and Austria have two completely different healthcare systems, with different regulations, labeling, and pricing. These aspects constitute a market place where we can test and develop skills and talents in many different ways and functions

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Around the world there are different perceptions towards acquired business operations. What is Janssen's relation to Switzerland in the long-term?

It is a key country for Janssen. We are heavily invested in Switzerland, and we will be here for the long-term. The environment in Switzerland has many strengths, not just in pharmaceuticals, but also more broadly in terms of innovation. Janssen and Johnson & Johnson is a transformational medical

innovator, but we believe in the power of cooperation when it comes to innovation. We look at the world as our lab. Our experts collaborate with external parties at every stage – from early discovery to market access. We seek medical breakthroughs wherever they occur – whether that happens at a university, a research organization, a start-up or another biotech or pharma company. Our goal is to identify the best ideas inside or outside our organization to address the biggest unmet medical needs of our time.

Switzerland is dense with innovation in medicine, pharmaceuticals, and biotech and is prioritizing and developing innovative hubs. For a company like Janssen, this makes it crucial for us to strengthen our footprint in Switzerland so that we can collaborate with universities, and start-ups. The Swiss government is also an efficient administration that tackles problems to find solutions and is business friendly. This does not mean that we are always happy with the results, but in comparison to other countries we appreciate the system. In terms of the pricing, we notice that the system rewards innovation and this is one of the reasons why Switzerland is strategically important to us.

What are the most challenging aspects of doing business in Switzerland?

The corporate tax reform – which is currently under discussion – supports innovation but does not take into account that innovation is a cross border cooperative process. This is a disadvantage versus other countries, which take R&D done under the leadership of a local entity abroad- into consideration when determining the R&D tax deduction.

With the new tax proposals and the reduction of cantonal tax rates, Switzerland would retain its position as an attractive business location. However, the likelihood of a referendum seems high, which might delay the implementation of the proposals.

The area that I am most concerned about in Switzerland is in respect to free movement of people. In February 2014, the Swiss population voted in a referendum to cap immigration. This vote complicates the relationship between Switzerland and the EU. It is still not decided how this will be implemented. We are an international company, and we need to be able to attract talent at the time we need them and we do not want to deal with limitations. At this point in time we have not felt negative effects yet. We trust that common sense will prevail and that reasonable solutions will be found.

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We noticed that your career track differs from many of the country managers that we meet with around the world in that you have had primarily financial roles within Johnson & Johnson before transitioning to a country manager position. What inspired this career change, and is this unusual at Johnson & Johnson?

This was an organic transition considering how the finance function is organized at Johnson & Johnson. Finance has always been very closely connected with the business. We always joke that at Johnson & Johnson, no decision is made without a finance and legal person in the room. That means that finance is heavily involved in the key strategic decisions, and operational decisions. Also, within Johnson & Johnson we are very keen on developing people by providing them with diverse experiences. The managing director position differs in that I now represent the company in various circles, and I have much more contact with external stakeholders than in the finance role before.

What set of skills did you need to acquire as a managing director?

As a managing director, I am not the specialist anymore and I learned that I have to always strengthen my team with colleagues that bring a diverse perspective. In terms of value creation- as a public company -we have to fulfill the needs of the customers, the patients, the employees, and also the shareholders. Value creation is an interesting concept and is often portrayed in numbers. As a managing director, I am on the other side of the numbers looking for how we can create value and differentiate ourselves. Sometimes this differentiation is through our products, sometimes through a process, or even through the way we approach stakeholders and patients. Every single day I have to ask myself: how can we set ourselves apart from the competition to the benefit of the patient, doctors, and stakeholders?

Looking forward five years to when we come back to Switzerland, what is it that you want to achieve as managing director?

I want to continue to grow our business in a sustainable way by providing better solutions for patients, which implies that we are maintaining and continuously improving our reputation with our stakeholders. In four years from now we will continue to bring innovative therapies to market, enabling us to reach more patients and help our growth. It is also a priority that we are seen within the healthcare sector as a trustworthy partner. This will allow for trustful collaboration with the various stakeholders in the healthcare system with the objective to bringing better solutions and outcomes to the patients.

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