

Interview with Dr. Riad Sherif B. President, Novartis Canada



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Pharmaceutical Executive

You have had a wealth of experience in the pharmaceutical industry with different positions in key therapeutic areas, ranging from Argentina, Latin America, Middle East & Africa, Algeria, Switzerland and France. What was your initial mission upon coming to Montreal?

The key objective was to continue Novartis's growth in Canada. Canada has always been one of the top 10 markets for Novartis Pharma, and my mission was to really continue to develop the business and to enter new Therapeutic areas.

With your experience what is it that you can bring to this business development?

What I can bring is an emerging market mindset into a mature stable country! And I found that Canada is an interesting market. Having worked in developed and emerging markets, Canada is perhaps the only developed market with an emerging market growth outlook. It is a mature and well-established market with strong processes in licensing, registration, reimbursement, and assessment of drugs. Yet it also has an emerging market growth outlook which means a positive outlook expansion if you do the right things.

What has been the number one challenge for you in adapting to the Canadian environment from Latin America?

The number one challenge was to become quickly acquainted with a new team, manage a broad portfolio of products, adapt to a diversified market and to develop relationships with several key stakeholders. Furthermore, I was in the Vaccines and Diagnostics Division, based in Argentina, where I was established, and being a regional Head, I was managing multiple countries including Argentina, Mexico and Brazil just to name a few. An additional aspect of Canada that I learned

quickly about upon arriving was the fact that each province has a unique way of managing and delivering healthcare services, which makes it even more exciting.

How is Novartis Canada leveraging the opportunities of the government's recent CDN \$9 billion science investment to its advantage?

Novartis believes in science and it continues to have a strong involvement in research and development (R&D) in Canada. Novartis Canada invested more than CDN \$154 million in 2012 in R&D and community investments. Novartis Pharma continues to exceed the Patented Medicines Prices Review Board's ratio of R&D to Sales of 10%. In 2010, Novartis invested 12.8% and in 2011 it invested 11.4%, which demonstrates its solid commitment to R&D. The company has established partnerships in Canada in R&D and the company benefits from this political will to make innovation and research important in the Canadian political agenda.

One of the biggest challenges in Canada was to be competitive in intellectual property (IP). How might you improve patent law to improve Novartis and Canada?

Novartis is a diversified healthcare company which occupies the full spectrum of the life cycle of a drug and we believe in both innovative drugs and generics, to drive innovation and to respond to unmet medical needs. It is crucial to have an IP regime similar to that of Europe and the United States. This would provide a tremendous advantage for Canadian companies to continue to invest locally and importantly to drive innovation and provide new solutions for many diseases which are still not cured. There must be an incentive for research in what is inherently a high-risk business. This can only be done with a competitive IP regime.

Novartis Canada has spent 30 percent of its sales in Quebec in the last five years on ramping up its investment in R&D across all of Canada in a number of key therapeutic areas. How important are clinical trials in Canada for Novartis's global operations?

Clinical trials are very important. Novartis has an established, trusted relationship with the science community in Canada, across all the provinces. Canada has truly world-class scientists, and working with them is a real benefit to the clinical community and to innovation. For example, the Company is involved in over 200 projects in clinical development. Novartis's investment today in R&D creates a win-win relationship with the scientific community.

Novartis invested \$300,000 in the CQDM "Explore" program, which only tends to fund programs that have a potential for real breakthrough in the drug development process. What was the reasoning behind this investment?

Novartis has several important research centers in the world like NIBR (Novartis Institute for Biomedical Research) in Cambridge, MA, and the company has other internal research centers in Switzerland, among others, that have agreements with universities and academic institutes. As a Canadian affiliate, I really wanted to see how Novartis Canada could leverage the science that exists

in this country but is not within our affiliate. For me, it is a way of building bridges with the local external scientific groups and allows the company to pursue and to potentially co-develop potential breakthroughs in drug developments. With this vision we have also partnered with the Quebec government in a project that focuses on Personalized medicine and Healthcare sustainability in British Columbia (BC) among others.

You have previously mentioned that Novartis is working much earlier in the drug development phase as a means of demonstrating the value of a product. What specifically is being done to prove this demonstration?

There are at least two forces that are important to consider in the healthcare business. One is the aging population, which will increase the cost of healthcare regardless of intentions. There is also a clear cost-containment reality in the political agenda, which is understandable. Therefore to be part of the solution, Novartis is starting early to demonstrate value ahead of registration time. When Novartis registers a drug or a new healthcare solution, it will show value not only to patients but to the healthcare system. In the early stage, Novartis is not just analyzing the safety and efficacy of a drug, but also what the drug brings in terms of efficiency to the healthcare system and community at large. The success of Novartis is the success of the healthcare system in which we operate.

What are the main growth drivers in terms of product portfolio for the rest of 2013?

Novartis Canada is present in a several key areas, including oncology, neuroscience, multiple sclerosis, and respiratory (COPD/asthma). Prevention and vaccines are also very important for us. The affiliate is awaiting approval for a few drugs that will bring very concrete benefit to patients in areas such as COPD etc. What separates us from others in the industry is that we strongly believe in science, and being part of the solution, as well we have a promising rich pipeline that is expected to deliver in the next few years. We proved the strength in the Novartis pipeline by having eight blockbusters globally in 2012.

How do you attract and retain the best talent within the Novartis organization?

Regardless of where you are in the world, there is always a need for good talent. Canada is no exception. Novartis Group is a diversified business, which includes Sandoz, Animal Health, Consumer Products, Pharma, Vaccines & Diagnostics and Alcon which provides tremendous opportunity to develop employees from division to division. For example, I was in pharmaceuticals, moved to vaccines, and then came back to pharmaceuticals. Novartis does this more and more to develop the company's talent. The organization has a significant footprint in Canada employing approximately 2400 associates in 6 divisions. Novartis invests deeply in training and developing of its people. This is extremely important. The company invests significant resources to educate employees not just about the industry but also their leadership skills and management of energy amongst other trainings. I want my employees to be happy and motivated when they come in the morning and that when they leave work, I would like them to still have energy to spend with their family. I see the whole process very holistically; life needs to be balanced. I want Novartis employees to be in a climate where they deliver the best possible value while staying happy and motivated all while being good citizens.

If we were to return to Canada in another few years, what is your vision for the affiliate at that point?

My aspiration for the next few years is to see our affiliate to continue to build on our successes. I would like to see Novartis Canada to continue to deliver value to our patients, our customers, our stakeholders and our associates. I believe that we have the right assets, portfolio, and talent to make it happen. It is important also for me that Novartis Canada keeps a very solid reputation that rests on quality products. In my opinion, Novartis Canada will undoubtedly do better than the competition.

What keeps you awake at night?

Any company has punctual issues, which we fix as they come. The rest is more about a continuous improvement process to deliver the right drug to the right patient at the right moment. In summary, it is important to always do the right thing with high standard of quality and compliance and the rest will follow in due course.

What motivates you to come to work for Novartis every day?

Many things motivate me in Novartis, one of which is that the Company is a global, diversified one, which operates in healthcare. Being a Medical Doctor, the chance we have to bring new therapies to patients, and improve life, is of course, close to my heart and truly keeps me proud of what we do. I am always challenged and have the opportunity to learn in the company which keeps me happy to do what I do. I have lived in three countries in the last 10 years, and worked in more than 20! This has been a tremendous source of personal growth for me. I found in Novartis, an open mindset and a clear goal for excellence in all of what we do which fits very well with my values. It is a great company and I clearly recommend it!

What would be your final message to the readers of ?

Come to discover Canada and Novartis where we have the strong belief that when we do the right thing today, tomorrow will be even better. Novartis Canada will continue to make a positive difference to our patients, our customers, our stakeholders and our associates.

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