Interview with Lasse R. Petersen, General Manager, Sanofi Denmark

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The last years have been challenging Sanofi since many of your historic blockbuster drugs that have driven the growth of Sanofi in the past, have faced patent expiration and loss in sales. Having said that, what has been the overall performance of your operations in the Nordic and Baltic countries?

I am quite proud of the performance of our part of Sanofi. Even if we, in line with Sanofi in most of Europe, have had some decline in our overall turnover, we have managed to improve our market stand in most of the growth platforms important to our future. We have gained share in the Insulin market in face of strong local competition, we are expanding our CHC (Consumer Health Care) division and we are bringing important and innovative new treatments to the patients. At the same time we have adapted our organisation to the new situation and made the necessary changes to the structure, so I think we are well prepared for the future.

In 2013 we are on our way out of the patent cliff. At this stage we are less exposed to patent challenges than many other comparable companies in the sector. We still have some challenges on a few products, but we are really getting into launch mode, expecting to bring potentially 3-4 new agents to the patients in the next couple of years. Some examples are Zaltrap, a new and innovative treatment for late stage metastatic colorectal cancer. A very serious disease, where limited treatments are available to prolong the life of the patients. Lyxumia, which was developed in collaboration with a Danish biotech company, Zealand Pharma will also be launched soon. Lyxumia, is a GLP-1 receptor analogue in the same class as Victoza and Byetta. Lyxumia will offer some distinct advantages for patients already in treatment with long acting insulin, but needing additional help to control their blood sugar levels following meals. It looks like a strong profile and we are confident that Lyxumia will offer additional benefit for the patients.

In parallel Genzyme, a Sanofi Company, is preparing to launch new drugs in the MS field looking truly promising. So we have great belief in the future for the Group in this part of the world.

In todayâ??s growth platform, I understand that Sanofi wants to enhance its diabetic portfolio. How is the diabetic portfolio doing here in Denmark? Can you clarify which of the drugs are included in the reimbursement system?

Currently most diabetes drug in Denmark still have full general reimbursement without restrictions. In the on-going re-evaluation of the reimbursement status the authorities are suggesting to restrict certain drugs based on overall balance between price and value offered for the patient.

In Denmark there are two different types of reimbursement for retail products. One is a full reimbursement with no restrictions; then there is another where you still have general reimbursement, but you should only use it with certain patients and the physician has to indicate on the prescription that the patient fulfils the criteria. For products with no reimbursement, there is still

an option to apply individually for each patient, when no good reimbursed alternatives exists. Lantus has been granted full reimbursement without restrictions in Denmark since 2007. It was suggested in the early part of the re-evaluation process that Lantus, and other long acting insulin analogues, should be used only after Human long acting insulins (NPH), however in the latest proposal from the reimbursement committee the proposal is to keep full reimbursement without restriction for Lantus. What we want to achieve is to secure that diabetics in Denmark still have access to Lantus with full reimbursement with no restrictions. To achieve this we decided to make a general reduction of the Lantus price which has brought the premium on Lantus versus Human Insulin (NPH) to a level more acceptable to the authorities. The price on Lantus is still higher than Human insulin, however this reflects the distinct benefits in terms of fewer injections, and low risk of hypoglycemia associated with Lantus treatment. So our price reduction is not driven by the competition from Novo in Denmark. Weâ??re already outgrowing other long acting insulins. Lantus volume growth in Denmark in 2012 was more than 20%, whilst the closest competitor was pretty flat.

In general the price focus from the authorities in Denmark is a concern as it does not adequately consider that not all patients are the same and that different patients need sometimes different drugs. There is certainly a risk that a move to more restricted reimbursement and general reimbursement being granted only to a few products within a class, will have an impact on patients not always getting the optimal treatment.

Apart of what you mentioned, do you see any other challenges to grow the operations?

In Europe, and in Denmark there is still a financial crisis and consequently focus on budgets and spending in the publically financed HC sector. In this perspective, we are seeing different types of measures coming in to play to control the cost. For example, the process of revaluating reimbursement for drugs within specific therapeutic classes in Denmark, works really like a kind of analogue substitution of drugs. This is eroding our patent protection in a way not seen before, and if this is going to be the rule of the game for the future, obviously our intellectual property rights are challenged, which in a broader sense can be a real threat to necessary incentive for investing in research and development.

I think the challenge is that it has become more difficult to reward the small steps. Everything is measured through an economic and Health Outcome assessment so the small steps of innovation do not look that financially attractive â?? even when they can mean a lot for individual patients. I do think that outcomes for patients will still be rewarded and consequently in the future, as an industry we have to focus on real unmet needs and be able to identify the patient that has a significant value added.

On this note about adding value, Sanofi doesnâ??t want to be seen anymore as simply a pharmaceutical companies, but rather as a health care provider. In this regard, what is it that Sanofi is bringing to the table?

In Nordic and Baltics, the business for the group is more diversified today. We have a rare genetic disease business through Genzyme, we are in Animal Health with Merial, we are investing to expand our presence in OTC/Consumer Health Care and we also have a generic business through Zentiva in the Baltics. In the short to medium term, the critical success factor in this part of the world is still to be successfull with launching our new innovative drugs. Becoming a fully diversified Health Care leader focused on patients needs will not necessarily happen at the same pace in every part of the world. But long term we strongly believe in moving beyond the molecule itself and into more integrated care solutions.

What is a European advantage versus emerging markets?

Different to emerging markets, the advantage is that in Europe innovation is still rewarded, even if it is getting more difficult. At Sanofi, we are getting strong growth from the emerging markets today and less from Europe. However, we are a leading company in Europe and we are one of the companies that reach most patients because we have such a wide portfolio.

Furthermore, in emerging markets we have more difficulties with access for innovation. If we have a new oncology compound like Zaltrap to be launched, Europe and the US are still the regions where we expect the initial sales to be generated.

I believe that in the future, in Europe, HTA assessments will play an increasingly important role, possibly also at central EU level. However, they should reward real innovation and value adding for the patients. So what we need to do is to ensure early in the development that we have a strong market access strategy that evaluates not only what is needed to get a marketing approval, but also the data needed to have a successful commercialization.

Is having an integrated vision with the government and industry a little bit naÃ¯ve, since everybody wants to push their own agenda? At one point do you think it wonâ??t be sustainable?

One thing is to be readyâ?? to have the data and pinpoint what are the patient needs, but we are also looking at alternative go-to market models, with different types of risk sharing, and pay for performance type of solutions, which will require more close dialogue and collaboration with the authorities and payors.

On the other hand, investment in health care pays off for the authorities. A healthy population living a long time and being in the labour market is productive for a country. As an industry, if we were more successful in selling that message and making authorities see that the pharmaceutical sector is a key player in this, the game could be different.

Today, authorities are mainly focused on lifestyle prevention and less that pharmaceuticals can play a critical role in maintaining good health. We need to convey this message better.

After being here four years, what are you expecting and what are your ambitions for Sanofi?

We need to be successful with our new launches, as well as our existing growth platforms. In particular, we need to defend our stronghold in Diabetes Care. We should get back to a growth trend during the next couple of years where we will be less impacted by new generic competition. For the last 4 years we have been in a consolidation mode with major restructurings implemented in all countries. In this perspective, we need to have a very flexible organization that is able to deal with the constantly changing demands from the authorities, new systems that we can adapt as well as be prepared with the right answers to get our drugs considered.

Furthermore, we also want to leverage that we are a much broader type of company now. We have Genzyme, we have Merial, as a group of companies within Sanofi Group, we are stronger together than we were in the past.

You worked for Eli Lilly for a long time, what did you bring to Sanofi?

I also enjoyed my many years in Lilly. A company with a strong history and track record. Having worked there for 18 years I suppose I bring most of my leadership skills and style from Lilly. Lilly has a strong focus on people development and training, so certainly a good place to start your career.

The last four years I worked for Lilly I was in European Marketing for oncology. Having this regional position was very interesting since it was organized like a matrix with several reporting lines (solid, dotted etc). Lots of coordination and leading without formal authority. This kind of organization is more and more how we work as well in our Sanofi Nordic and Baltics organisation. We do not have a formal Headquarter. My Management Team sits in different countries and we communicate frequently using the most modern digital technologies available like webcasts, communicator etc.

Several of my team members have more than one role that can cover a national role as well as a role for the region (Nordic/Baltics). We are trying to build a team that really has the understanding of what is needed for the local market in each country but also can take a broader view on where it makes sense to work together.

If you were to give advice to an executive who is about to step into a position such as the one that you hold, what would you like to get across to them?

Be clear on what is the long term vision and purpose for the company and for your own perimeter.

Be transparent and honest to people. Particularly when times are hard. This will work and build respect in the long term.

Focus on the people â?? set your team and empower them to perform.

Build your network, speak up and give your opinion.

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