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Moving beyond the traditional pharma-government dialogue around payment and access for innovation, we are exploring alternative partnerships with public and private stakeholders to invest in health and get peopleâ??s diabetes or obesity under control

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Kasper BÃ¸dker Mejlvang oversees Novo Nordiskâ??s operations in its historic home market of Denmark, as well as Iceland. Here, BÃ¸dker Mejlvang explains his strategy for steering the Danish affiliate through the COVID-19 pandemic, the evolving access landscape for the companyâ??s next-generation diabetes and obesity treatments, and why Denmark â?? despite a modest market size â?? continues to hold global relevance for the group.

Just a few months after taking on your first country manager position, the COVID-19 pandemic hit. How were you able to manage through this momentous period and which of your initial goals for Novo Nordisk Denmark have you been able to achieve?

Fortunately, I was able to meet my organization and start working with all my new colleagues for a couple of months before COVID hit. While COVID was a huge disturbance, it also brought about some opportunities in terms of leadership; crisis situations call for leadership proximity and frequent communication. Therefore, although it was extremely stressful for the organization COVID also provided an opportunity to create a shared sense of community and common purpose, particularly since this was a health crisis impacting our stakeholders in the healthcare system and the patients we are trying to serve.

I have worked for Novo Nordisk for over 19 years in various leadership roles, focusing particularly on innovation and creating a continuous improvement culture within our production organization. Our CEO had set a clear expectation to also innovate our commercial model in order for us to stay sustainable also for the coming 100 years. I entered my role in 2019 with the purpose of contribution to the innovation of our commercial model. This innovation is not limited to digital and multi-channel engagements, but also how we can partner with other stakeholders to create value for people living with chronic diseases and lower the burden of chronic disease on global healthcare budgets. This will be major challenges for all societies in the future.

Over the past two years, we have created an "outside-in" strategy. Moving beyond the traditional pharma-government dialogue around payment and access for innovation, we are exploring alternative partnerships with public and private stakeholders to invest in health and get people's diabetes or obesity under control. For instance, even though Denmark has a well-developed healthcare system, less than 40 percent of people with diabetes in the country are in good control of their disease. We aim to double this number to 80 percent and if we succeed, there will be a significant reduction of the burden of diabetes on healthcare costs which are highly driven by hospitalisations due to late complications stemming from poor disease control as well as productivity loss because people leave their jobs. This reduction in total spending can then free up funds to pay for innovation and improve quality of life significantly for people living with diabetes.

Succeeding with this type of challenge calls for an entrepreneurial innovation culture in which we dare set bold ambitions, experiment, and learn as we go along. Such a culture does not come just by asking for it. It requires leadership to review our own behaviour, what we incentivize, our organisational structures and processes, etc. Overall, I am delighted with the progress we have made.

Is this freedom to experiment the Danish market's most relevant characteristic to Novo Nordisk's global operations? Given its modest size, what else does the company's home market have to offer?

Having freedom to experiment is a big advantage of being a smaller market; we represent only one percent of Group turnover, so if we try something new and it does not go to plan, there is less risk for the Group. However, this is somewhat of a double-edged sword as we are also highly exposed as a home market. Most other markets look to us to see how innovation is being adopted, for price references, etc.

Another balance to strike relates to the company's significance to the overall Danish economy. Novo Nordisk represents 15% of total Danish exports (across industries). On the one hand, this creates an opportunity to influence the political agenda and create changes for the better. However, this can also backfire significantly if exploited. Hence, we work hard to stay fully transparent and with high integrity in our engagements.

Globally, Novo Nordisk returned to healthy growth in 2019 after a few years of stagnation, grew again in 2020 despite the COVID-19 pandemic, and has posted impressive numbers for H1 2021 driven by its GLP-1 franchise and new obesity treatment. How well are these trends being represented in Denmark?

Yes, we are following similar trends. We have seen strong double-digit growth in recent years, and we are confident that we can continue this trajectory with even more innovative treatments coming

through the R&D pipeline. What is particular about the Danish market is the history of diabetes treatment here. When insulin was discovered 100 years ago, we were the first country in Europe to start manufacturing and selling it and today our market penetration is double that of the rest of the world. Continuing our strong growth rates even coming from a high base is a testimony of the high unmet needs for people with diabetes which still need to be addressed.

Other Denmark country managers have told us that it has become more difficult to introduce innovation into the country in the last two years, with fewer recommendations for new medicine approvals from the Medicines Council and longer assessment times. What is your appraisal of the market access landscape today and of stakeholder openness to the kinds of innovative solutions that Novo is now bringing forward?

I sit on the board of our industry association Lif, and our position is that we can only succeed in the healthcare system if we are partners to public stakeholders. We must maintain an interest in, and a willingness to listen to, the perspectives of regulators, payers, and HTA bodies, and try to find common solutions.

On a national political level, there is great understanding of the importance of the life science industry with regards to the improvements we can make for the quality of life of patients, how use of more innovative treatments can reduce the cost of late complications to the healthcare system, and our overall contribution to the Danish economy. Over 22 percent of all national exports come from our industry and Novo Nordisk alone employs 17,000 people, directly invests DKK three billion each year, pays over DKK ten billion in tax, and accounts for a full 15 percent of total exports across all industries.

However, the understanding of the positive, dynamic effects of innovative treatments does not translate into the dialogues we have with the Medicines Council, or ??? in the primary sector ??? the Reimbursement Committee. All stakeholders are trying to do the best job possible but are governed by regional budgets where medicine costs are strictly scrutinised, and which are negotiated on a one-year horizon. When a company like Novo explains that the DKK 32 billion healthcare burden that diabetes in Denmark represents today could be lowered through earlier identification and more targeted treatment, the business case is well received. The problems come from the fact that budgets for prevention, treatment, handling of complications and the effects on workforce productivity sit in different silos of the healthcare system and nobody is being incentivized to bring down the overall cost.

A more holistic perspective needs to be taken. Simple things, like making budgets that cover more than one year and including dynamic effects in calculations that better characterise the value generated through investment in health, would be a good start

We are also, therefore, pushing for reform of the healthcare system to break down some of these silos, not just for our benefit and that of the overall economy, but also for that of the patients. The current patient experience, whereby they are thrown from one silo to another, has significant potential for improvement.

A more holistic perspective needs to be taken. Simple things, like making budgets that cover more than one year and including dynamic effects in calculations that better characterise the value generated through investment in health, would be a good start. However, there are of course risks in changing the system and I understand the reticence of my public counterparts to take these risks. As an industry, we also need to take our share of the risk and engage in outcome-based or risk-sharing

contracts, which we believe need to be implemented for Denmark to stay ahead of the curve in terms of innovation.

Obesity is a growing healthcare priority for governments around the world, especially given its status as a risk factor in COVID-19 patients. While linked to Novo Nordisk's traditional focus area of diabetes, this is a very different illness where different approaches are needed. How is your approach and model changing to better serve obesity patients?

Obesity is definitely an area in which innovation is called for. Firstly, it is not recognised as a disease today in Denmark, meaning that the specialty does not exist within our healthcare system and that physicians are not being incentivised to treat it. There is also still a lot of stigma around obesity and the notion that it comes down to individuals needing to exercise more and eat less still prevails among large portions of the general public.

It has been a very interesting challenge to educate ourselves on complex variables influencing obesity that we need to tackle if we are to change this pandemic; we can continue to say that it is about exercise and diet for as long as we want, but meanwhile the numbers keep rising. Globally, there are 650 million people living with obesity; defined as those with a BMI of over 30. This number is rising everywhere, including in Denmark where over 17 percent of the population have a BMI of over 30, despite the perception that Danes generally live healthy lives.

Obesity differs from diabetes in several ways. In diabetes, there are specialist endocrinologists who take the disease very seriously and whose job it is to help patients who often do not take the disease very seriously if they have type 2 diabetes without symptoms. In obesity, it is almost the exact opposite. Patients are burdened with their condition and do not get a lot of help from their healthcare provider. At Novo Nordisk, we have a role to play in helping the healthcare system provide help for these people. That also means that that we need to become much more educated as a company on the daily life of people living with obesity and how we can help them with different solutions.

An ecosystem approach is needed; medicine is part of the solution, but it is not the only solution. That is where some of our innovation efforts are going; we are partnering with various digital health start-ups, embracing digital coaching solutions, supporting the establishment of partnerships with food companies, pension funds, etc. The whole healthcare system has not been organised to cater for people with obesity and there are no real obesity centres here, although we are now working with hospitals to create them. Multidisciplinary centres which take diet, psychology, and metabolism into account are what is needed.

Novo Nordisk has always prided itself as a historic early adopter of technology and digital tools, including smart pens and solutions that go beyond the medicine itself. How far advanced is this push in Denmark?

As for our new molecules, we have been among the first countries to launch our new connected injection pens. Our neighbours in Sweden have been very fast at adopting digital tools more generally so, in a spirit of friendly internal competition, we are now trying to overtake them, and set good standards as the company's home market. Drawing on my background in innovation project governance in production, we have created a portfolio and structure whereby new ideas can be quickly tested, feedback given, and the projects either ditched or scaled up.

We have several initiatives underway on a pilot basis, including partnerships with digital health companies, digital healthcare professional providers, improvements to the interfaces between the many different systems in the healthcare system, better education of patients through Augmented-Reality based patient education, etc. I know that a lot of people have expressed cynicism as to how fast digital health solutions will penetrate the global healthcare systems, but I believe will see big changes in the 3-5 years to come which will also impact the value chains.

Novo Nordisk is Danish pharma's standout company, which presumably allows it to source and retain a lot of Denmark's best talent. How do you plan to maintain this position?

It is very important to have a strong purpose. Our purpose – to increase the number of people living with their diabetes under control – speaks more profoundly than a strategy centred around year-to-year sales growth. Sales growth remains important as it provides the means to continue making a difference, but it is not an end in itself.

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Looking at the business holistically, we are also very active on our sustainability strategy in Denmark, which was the first country for which our renewable energy supplies were put into production back in 2010. By 2020, that was broadened out to global manufacturing, and by 2030 we want the full value chain to be based on renewable energies. We are piloting some sustainability initiatives in Denmark, such as a take-back program where patients can bring back their disposable devices to pharmacies after use for us to recycle the glass, metal, and plastics from the pens. Given that we produce more than 700 million of these pens every year, that represents a significant amount every year. Having a company that not only wants to be the best *in* the world but also the best *for* the world resonates very well with talent, especially younger generations.

Having stayed with Novo Nordisk for over 19 years, what keeps you motivated?

Even though I no longer belong to the youngest generation, I am also very energized by our purpose! Throughout our 100-year history, we have tried to make a difference for people living with chronic disease and I believe we are succeeding.

Additionally, we have become a global organization with a terrific focus on personal development, which I have personally benefited from. I have worked across the value chain – from R&D to production, and now into commercial – in both Denmark and abroad. The ability to develop and take on different challenges – always feeling like I was on a positive growth trajectory – has been a continuous motivation.

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