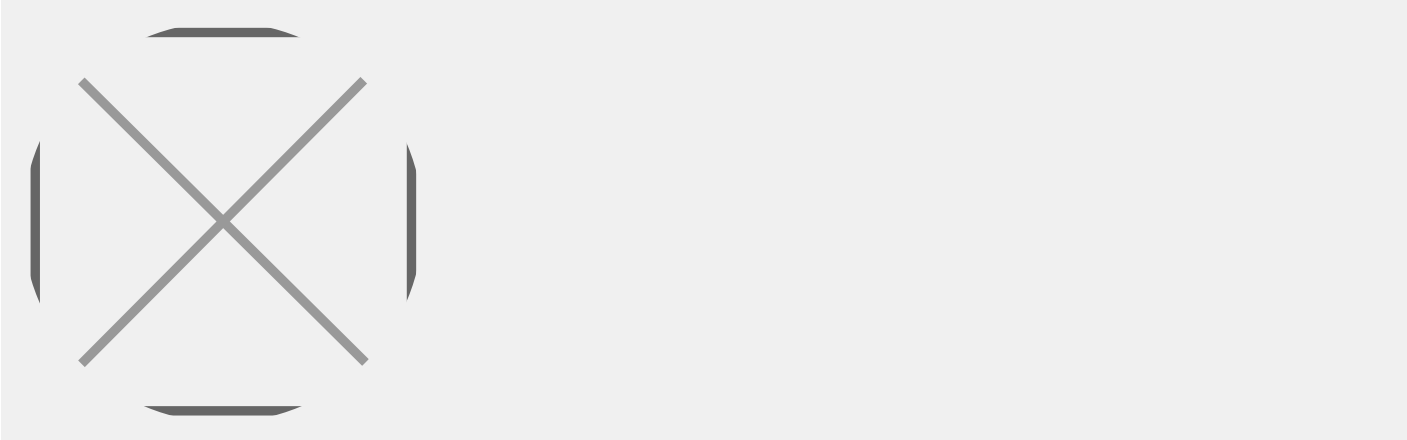
Interview: Lars Johansson, Managing Director Nordics, Janssen



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Janssen has historically had a very strong focus on emerging markets. In today's world, where growth for the pharmaceutical industry overwhelmingly comes from emerging markets, where do we find the Nordics? What is the relevance of the Nordics for the country's global footprint?

Jansen has preserved the cluster model. We see many other companies and sectors that try to integrate the Nordics into other regions. But we kept our interest because often what happens here happens further south later on – developments in the Nordics precede other regions.

For example, we have professional buyers and payers whom we need to engage in a professional dialogue and offer value to. We really need to prove the value of what we bring to the market. It is not a matter of juxtaposing the Nordics with other regions, but rather, grabbing the opportunities that exists here and then using our European network to learn from each other to avoid mistakes or teach others what we have done.

What are currently the most relevant developments that you see in the Nordic areas that can be copied later down south throughout the rest of Europe?

Everybody talks about the importance of the links between R&D and innovation and the price of medicine because in the end they will influence each other. We are fortunate to still have value-based pricing. If we move away from that it would make it more difficult to see innovation in the

market.

Janssen and the innovative industry in Sweden are working hard to maintain value-based pricing. It is so risky when cost pressures force you to look at things from a silo perspective. With value-based pricing we have an opportunity to see a holistic society perspective. You may lose in one wallet, but you gain in another.

Do you think that the industry will be able to find a consensus for a future pricing system to develop in a way that benefits all parties?

There is a good dialogue going on concerning that issue. We have a strong trade association in Lif, and through it we put the argument forward that we should not move away from value-based pricing. Will we be successful? That's very difficult to judge. But Lif is doing a good job to make it understood that you can't ask for innovation in a life science area while squeezing companies with international reference pricing.

In northern Europe we have a good model for generics. Companies have an appropriate window to make money from patented products, and then both in Denmark and Sweden the generic substitutions go viral practically overnight after patents expire.

Rather, we have our time to make money, and when medicines go off patent, resources can be shifted to new innovation and new medicines. Thus, after patent expiry, we have a very efficient system to not spend money unnecessarily. We want to protect the efficiency in that system. We are not against generics: we support the model of having a product lifespan with money getting shifted afterwards to other innovations.

How successful has Janssen been in securing reimbursement and convincing payers that its products are of added value?

We have been successful. We had a long journey with one of our of products that didn't end up with general reimbursement, which forced us to deal with the NLT Group appointed on behalf of the Swedish County Directors to evaluate new drug therapies and other possible problems concerning drugs and give counties a recommendation of solutions. We had many negotiations back and forth and finally came to an agreement that is being finalized now on risk sharing programs with the region where we can make the product more available.

In that sense it was a challenge. However, we ultimately solved it and we had a good dialogue with the NLT Group and did what was best with the patients. More generally, you see fewer and fewer products getting reimbursement so it's getting more and more difficult as niche products hit the

market.

The global pharmaceutical industry has adopted a new model for growth focused on a niche-centric, more patient friendly approach. How well does this new model of growth fit Janssen?

Janssen has taken a clear stand in our group strategy that we will be a transformational medical innovator. Providing for unmet clinical needs is the only way to survive in the future – for example, by making tough choices to forego programs that are just incremental rather than transformational.

We have seen the R&D group and Janssen leadership team bringing in new products. There are more mergers, acquisitions and partnerships. If you come with a good enough product that fixes a big enough problem, then it works. Any system has it flaws but you need to come with at least incremental changes. Resources are not infinite so you need to make choices. If you bring transformational enough products, then you will succeed, and so far we have succeeded.

Essentially in Sweden the market access model has its idiosyncrasies and the sales model defines success, but at the end of the day it's the product that matters.

Ultimately it comes down to what value is in the product itself. That needs to be the foundation since in the end it's a medical need that needs to be addressed. I have been in this role for the past two and a half years, having previously come from Johnson & Johnson on the medical device side.

In my time here we have launched Janssen's new product for schizophrenia as well as new products for prostate cancer and hepatitis (Hepatitis C). Those are three major drugs within 12 months. Last week there was an announcement to acquire Aragon. So we are filling the pipeline and the team that is looking for deals is doing a good job.

They are putting away their prestige and focusing on what the need is, who has the best solution, who we should partner with and where we should place our bets. Our five innovation centers around the world assure a steady flow of products in our pipeline. I think that most of us feel a sense great confidence in the leadership team.

What opportunities do you see for Janssen to utilize the R&D capabilities present in Sweden?

Sweden and the Nordics are indeed an area for innovation. There is a tradition of innovation here. Skype and Spotify were founded here and the region has many traditional innovations in heavy

industry. Innovation is ingrained in society and we just need to tap into it. We have good channels producing ideas and opportunities. If there are opportunities out there, we should be able to capture them.

How much of an advantage is it for Janssen to be part of J&J?

We are a bit frustrated internally that we have not done more across the three sectors so far, but we are seeing a great intent now from top management on finding synergies across them. The mere fact that we have J&J in the background allows us to take a few hits and risks. It is a AAA-rated company, which is rare these days.

Have we seen much in cross company collaboration so far? Not yet. Do I still believe in it? Absolutely. We need to find those overlaps with devices. But I'm sure if we look ahead, no one will be better positioned than J&J. I still strongly believe in it, even if we don't have many examples at this point.

You have been leading the operations here for nearly three years. If we comeback in five years for a follow-up report, what key ambitions would you like to have accomplished by then?

Like all businesses, we want to deliver solid financial results. But that is a consequence of delivering value to our stakeholders and being a player who tries to help shape the market and take an active role in Lif.

We want to take an active role in driving what we believe in, which is that we as a company should have transparency and work on trust. We want to ensure that we have equal and early access to innovations.

I want to see that we build on all of that with our culture of doing the right thing for the long term. I hope that we will have improved the trust and reputation of Janssen as well as the industry in general. I would like for us to be regarded as a serious player who was invited to the table and not just someone who is here to bring money out of the system.

Which therapeutic areas do you expect to drive growth? And are you satisfied with the company's current market share?

I am very happy to be with Janssen because we have a clear strategy in the disease areas where we want to be impactful. We have a number of therapeutic areas that will drive growth over the next few years and these are where the resources will be dedicated. We have the CNS area which

is a strong heritage area. Our portfolio in oncology is really building up. Immunology and metabolics are also clearly defined areas where we will focus. All of those will be the key to fill the pipeline. If you look too widely then you spread yourself too thin. But that doesn't apply to just us, it cuts across a lot of other companies.

How can you really take cancer to be a chronic manageable disease? It still has the big "C" word around it. But if we see that in some diagnoses we can now manage it, it basically becomes a chronic disease. We are not there with breast or prostate cancer. Prostate cancer is even further away. But if we can really take steps to make these chronic diseases rather than a lethal diseases, that would be one of the greatest achievements of the pharmaceutical industry in history.

For you personally how have you enjoyed transitioning from J&J to Janssen?

That's where we have another great strength. In J&J we have our core value system and a cradle and a deep pool of talent to tap into. You can move from one sector to the next, you can gain experience in the device industry or go back to pharma. You can pursue professional development in consumer marketing competencies. It's really a benefit having this J&J talent pool. I have been in J&J for 21 years and never thought my time here would be that long when first starting. For me, it's proof that there are endless opportunities here.

We are global and it's up to you on where you want to take your career. I cannot see the boundaries in my career being set by the company. It's up to me – my competencies, my capabilities and my willingness to gain new experiences. It's really a privilege to work with J&J. The values are there and we are trying to do the right thing for the long term. I don't know if I will stay another 21 years. But I will as long as I am enjoying myself and can feel that I can contribute. There are always challenges to deal with. In my experience working here, I don't think that the grass is always greener on the other side.

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