Interview with Eric Van Oppens, Country President / CPO Head Philippines, Novartis Healthcare Philippines

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Tags: Novartis Healthcare Philippines

We have interviewed Novartis in several emerging markets including Colombia, Turkey, South Korea and Thailand. As the South East Asia Cluster Head, what is the importance of the South East Asia region for Novartis and what role do you feel the emerging markets play for the company?

More companies are investing in the emerging markets. I think the emerging markets are a key growth driver for Novartis, especially if one takes into account the market slowdown in Europe and in the US. I believe this trend will continue because of population growth and limited access to new medicines in emerging markets.

In South East Asia, Novartis has grown by double digits and we intend to continue growing at this rate. Excluding China, India and Australia, we are among the fastest growing regions within the emerging markets, and we are growing faster than most of the other markets.

We have seen a slowdown in the Philippines, but there is a lot of potential in Indonesia, where we believe there is an opportunity to grow by 15% to 20% in the next 5 years. We also see a lot of potential in Bangladesh and Pakistan, which are part of the South East Asia cluster as well; in these countries, however, there are more opportunities for generics and Sandoz than for innovative drugs.

This is your first assignment in Asia, after having had experiences both in Europe and in North Africa. How have you adjusted to Asia and the Philippines' culture?

The Asian culture is obviously very different; but I have had to make few changes in terms of my management style. It is probably not as easy to find talents in the Philippines compared to, say, Singapore, but working in this wonderful country is a pleasant experience. Like Africa a few years ago, the Asian market is growing, although I believe there is more growth potential in Asia than in Africa.

You joined Novartis Healthcare Philippines in January 2009, just before the MDRP implementation and the Cheaper Medicines Law. What have been the performances of the company since you took over?

When I joined Novartis Philippines, the company was growing but not gaining market share. In the last eighteen months, however, Novartis has been the fastest growing multinational company in the Philippines. We had to invest more and implemented a differentiation strategy before the other MNCs did. This turned out to be the right strategy, particularly when the Cheaper Medicines Law was implemented in August 2009.

However I think the Philippine market is still unstable and the direction healthcare policy will take remains unclear. I believe this state of uncertainty will continue for at least several more years, so we must always be prepared to adapt very quickly. If the new government makes good on its promise of prioritizing universal healthcare coverage, perhaps we will have an easier time in 2013. I hope universal healthcare coverage in the Philippines is achieved because, as the MDRP implementation showed, cutting drug prices by up to 50% does not result in volume growth. The key is to create a niche in market access.

2009 was a challenging year, and 2010 seems to be going in the same direction, with the Senior Citizens Act, that is going to mandate additional price cuts. However Novartis is expecting 11% growth in the current year. How do you plan to achieve this growth in the first year in which, according to IMS, the market is growing negative?

That is an interesting challenge, I agree. Novartis probably has the best pipeline of products in the industry. 2010 saw very strong performances by our newly launched brands, Galvus, Rasilez, Exforge, which have grown by double digits or above 20%. We were able to mitigate our performances in the mature brands that had previously showed negative performance. Our generics division, Sandoz, has also launched many brands this year.

Hitting our double digit growth target this year will not be easy. We have to continue working hard until the end of 2010. The market slowdown in the last two months was brought about by the MDRP implementation last year and the inventory management – by most pharmacy chains, a step which I think caught most pharma companies by surprise.

Novartis at the global level is the fourth largest pharmaceutical company. What is the current positioning here in the Philippines and what are you doing to maintain or increase this position?

Novartis is ranked fourth in the Philippines as well. To maintain our position, we will enter new therapeutic areas, differentiate our company by launching new brands and leverage our broad pipeline. We need to increase our field force productivity and drive market access initiatives for people who cannot afford medicines. Novartis is uniquely positioned because of its Sandoz business, which is growing by 30% this year. We come from a low base, but compared to other multinationals, we have a very interesting growth rate.

Novartis is more than just a pharmaceutical company – it is committed to help promote progress in the Philippines through its key advocacies: improving access to health care and fostering research & development in the country. How do you cooperate with the Government in increasing the access to medicines?

One of our access initiatives is a groundbreaking partnership with the Department of Health, which is called the DOH-Valsartan Access Program. Valsartan is our number one product and the most prescribed angiotensin receptor blocker (ARB) in the world. Nine months ago, before the MDRP implementation, we decided to enter into a partnership agreement with the Government to make DOH Valsartan available in all public hospitals.

We are also implementing our global Malaria Initiatives, which to date has provided our antimalaria drug Coartem to over 70,000 Filipino patients free of charge.

Our Novartis Oncology Access Program has helped provide our breakthrough cancer treatment Glivec to over 1,500 socially disadvantaged Filipino patients. From 2006 to 2009 alone, benefits provided by the NOA Program to Filipino patients are valued at over Php3B.

In addition to the initiatives that you have mentioned, Novartis is also cooperating with the Department of Science and Technology in developing scientists in a Biocamp, with the ambition to make the country a research and development hub. What are the advantages for Novartis to conduct R&D in the Philippines?

The Biotechnology Leadership Camp initiative aims to help develop local scientists. Aside from BioCamp, we are also working with the Novartis Institute of Tropical Diseases in Singapore to enhance the R&D capabilities of the Philippines. We organized a successful international dengue symposium in Manila last year. Dengue remains a major public health concern in the Philippines and there is still no treatment against the disease.

We have made significant investments in R&D over the last six months focusing on key therapeutic areas, as we see a huge potential in research. We would like to conduct trials in the Philippines for

some of our future key products, especially vaccines.

Novartis is defined one of the best employers in most countries where it operates. Despite such a good reputation, what are the challenges that you are facing in retaining the best talents in a country like the Philippines that suffers from a “brain drain”?

It is not easy to find talents and when we find them, we make sure our managers effectively train them on processes and how to launch products. We train talents so they can be successful in the company for many years.

We have sent several high potential employees to Basel or to other markets for one to two years of training. These employees bring back the knowledge they acquire abroad and apply it to the local setting. We believe that investing in human resource development is a necessity.

What would be your advice to the talents that you are bringing to the Philippines about living in the country and working in Novartis Philippines?

The Philippines is a good training ground for talents. The country is very different from other South East Asian countries, like Pakistan and Bangladesh, so it provides a great opportunity for talents to work closely with other expats while at the same time experiencing and learning about another culture. Novartis provides this learning opportunity to talents who can then decide to go back to their markets or pursue an international career in Basel.

Where would you like to bring the company in the next 3 to 5 years and what role would you like Novartis Philippines to play in South East Asia?

While we believe that Indonesia has a bigger potential than the Philippines, despite the current issues in the Philippine market, there is growth potential in the Philippines. We would like to sustain our double-digit growth in the country. Although we are experiencing negative growth this year, we think that the market will continue growing by 5% to 7% in the coming years. We believe that the Philippine market will rebound, especially if universal healthcare coverage is prioritized. Novartis is committed to bring value to Filipino patients and broaden partnerships with government.

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