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Sandoz has set important trends in the pharmaceutical market, first by creating a leading global generics business under the umbrella of parent company Novartis, and secondly by investing heavily in biosimilars, becoming a pioneer in a fast-growing niche. How have these two steps helped reshape Sandoz internally?

With the creation of its global Sandoz generics business many years ago, Novartis took an important step towards becoming a truly diversified company, with Sandoz nowadays being its second biggest division. As for Sandoz, being part of a company like Novartis has helped us to expand our unique global reach and offered us wide-ranging synergies.

Besides that, Sandoz has been a leading player in the field of biopharmaceuticals for more than 25 years now, which formed the basis for our pioneer position in the new field of biosimilars. Sandoz also provides biotechnology products to Novartis and to multiple companies across the pharmaceutical industry. You can imagine that these decisions were made some time ago, and they have proven to be excellent choices that we are proud of.

If you look forward to the market, especially in generics, one of the key strategies Sandoz has is to differentiate its specialist product portfolio. From 2010 to 2015 the market will have very high levels of patents expiring in biotechnology products and if you look from 2015 to 2020 45% to 50% of the products that will expire are in the biotechnology arena. Thus, biotechnology and biosimilars are fundamental pillars of our business model of bringing affordable medicines post-patent expiry.

When we interviewed Sven Dethlefs from Teva Germany and Maurice Chagnaud from Teva France they both emphasized that one of the main strategies Teva is following in these two markets (and indeed internationally as shown by Ratiopharm's acquisition) is to inflate its scale to gain competitiveness worldwide. Sandoz has followed this strategy with important acquisitions, but it also has invested considerably in R&D in order to somehow differentiate its products. How would you weigh each of these strategies for Sandoz?

For Sandoz we have a number of strategic pillars, one of them is clearly to differentiate our products from the competition. Another pillar is to create access to medicines by driving the lowest possible cost. Hence, if we talk about scale, yes it is important for Sandoz as well. Furthermore, portfolio is paramount and it has to reflect the patients' needs, which is where biotechnology products will play a very important part for Sandoz.

For instance, Sandoz was the first to bring a biosimilar to market and it is the only company in the world to have three biosimilars in commercialization today. If you look globally Sandoz was the first company to get a biosimilar or a SEB (Subsequent Entry Biologic) in Canada, and also the first to have a biosimilar in the Japanese market. The same goes for the US market. Therefore, it's clear that Sandoz is completely committed to our biosimilar technology program.

At the same time, there are several significant products which will come off patent in the next eight to ten years and you can imagine that we intend to produce biosimilars in many cases. Thus, we are strongly investing in this area and I believe we will maintain and grow our leadership in the biosimilar field in the years to come.

As someone based in Germany, you know that the level of penetration of generics and biosimilars there is considerably higher than in France. What's your assessment about the prospects that Sandoz has for the French generic market and what are the main challenges that you face here?

As the French market is between the biggest and the second biggest pharmaceutical market in Europe, depending on how you measure it, it is a tremendously important market for Sandoz and we are very committed to it. It is actually my personal number one priority.

But you are right that the level of generics penetration in the French market is still pretty modest. It is not the lowest in the world but it has significant room to grow and what we have seen over the last two years is a far greater commitment by all parties – whether it is the national insurance companies, the pharmacies themselves, or the government – to encourage the appropriate use of generics where possible. The aim is to both grow the repertoire of products in the market which can be substituted and, at the same time, increase their market share once they are out there.

There are very good programs in place now in France incentivizing physicians and increasing the role of the pharmacists. The new HPST program, for instance, aims to encourage pharmacists to have a more proactive role. Hence, Sandoz is very optimistic about the potential of generics in the French market and we are highly committed to being a major player here.

Being the head of Sandoz in other important European markets such as Italy and Spain also, would you assess that the 'generics model' that France applies is a competitive one? More than that, do you believe it is moving in the right direction?

It is a good model and yes, it is advancing in the right direction. The first thing I like about the French market is that it values the role of health care professionals; it values the role of physicians, it values the role of pharmacists, and it values the role of wholesalers.

If you compare that to some other markets where the role of the pharmacist is diminished, the French market clearly has an advantage for the realization of proper and affordable patient care. When you think that on average pharmacists are asked about 20 times a day for their recommendations, this is a really important role. If you add that to the attention also given to the health care provider, then you will have a very efficient health system, as France indeed has. Another strong point is the encouragement of the development of the generics market.

The third element that is exciting for us is that Novartis has a very strong position in the French market, and Sandoz is the second-largest division here with a great commitment to the local market. We are well placed in the French market and we have been investing a lot to make sure that what Sandoz can deliver to pharmacists, physicians, and patients is the best high-quality and low-cost products in the market. Hence, we are pretty optimistic and I think France is definitely moving in the right direction.

Even as a generic company, Sandoz is increasingly investing in innovation. We've seen similar patterns in emerging countries like India, where players such as Dr. Reddys are investing more and more in innovation and are moving up the value chain. Do you see this as a general trend, or are only a few players able to follow this track? And, what are the limits for innovation and differentiation in the generic market?

The definition of a generic is that it is bioequivalent and therefore, in that regard, you're taking a safe, trusted and proven medicine and bringing a bioequivalent to the market. Therefore, your scope to innovate is somewhat limited.

At the same time – and we find this particularly with our acquisition of EBEWE Pharma, which is the oncology injectables company that we bought last year – the right focus on the patient and on how the physician can use the product offers quite some room for innovation to try to improve the speed of dilution of a product or create a more convenient usage form. Hence, there is a lot of scope for innovation and as part of Novartis, Sandoz has a pretty substantial science park which is looking at those opportunities and creating room for innovative Sandoz products on the generic and biosimilar market.

As companies from emerging markets move up the value-chain in the API and generic market, do you believe that European companies in these sectors will be able to survive the competition?

Absolutely. Firstly, a company like Sandoz is globally sourced. Thus, we have a very strong presence in Europe, where we are the number one generic company, and also have a massive manufacturing presence and commitment to the continent.

Furthermore, we also understand the economies of scale we can achieve and with that in mind we organize our operations globally. Of course we will become an increasingly global industry and the

economies of scale will matter. We have to be price and cost competitive to offer the best value to the payers and the patients, but that will not come at the cost of European companies nor manufacturing capacity. On the contrary, Europe will keep on playing a prominent role in the international pharmaceutical arena.

What are your main ambitions and expectations for Sandoz not only in France, but also in Western Europe, since you're the responsible for most of the region?

The first ambition is to set Sandoz's course for maintaining our leadership and guaranteeing our number one position in the European market. Secondly, I'd like to make sure that we have more than a 15% market share in every single market where we operate. In many markets Sandoz already has this market share, but in many others we already have some way to go. The third ambition is to keep doing a great job in understanding the needs of our customers – in France mainly the pharmacists – and to make a difference for the patients, because I'm convinced Sandoz is a huge part of the solution for the changing demographics of the pharmaceutical and healthcare industry.

Sandoz has a pretty clear plan of what it needs to do and we have every chance of doing it. If you look at the volume – and actual patient experience – in an increasing number of countries, Sandoz is a huge contributor to patients' well-being. After all, the main reason we come to work every day is to bring access to affordable and high-quality medicines to a much larger number of patients that, in many cases, would not be able to receive proper treatment otherwise.

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