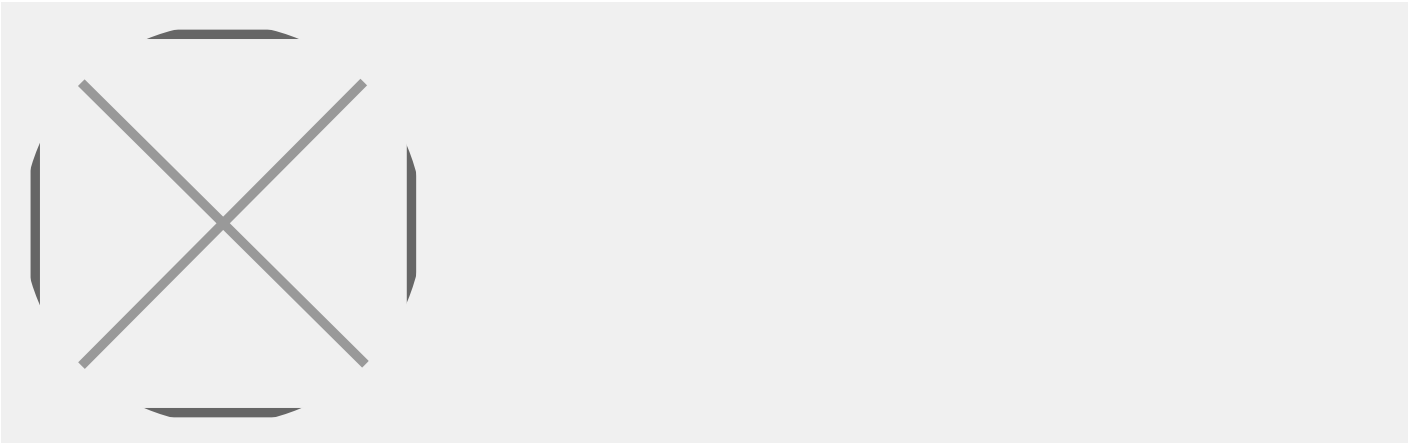
Interview with Hervé Gisserot, President, GSK France



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alice yel today you wi k for a foreign multinational within France. Can you speak to the differences in culture and what the transition has been like?

I have spent half of my career abroad but always having worked for a French pharmaceutical company whether it was Fournier or sanofi-aventis. Of course, there is a difference in culture between the French and Anglo-Saxon businesses even if they are multinational companies. Today, working with GSK I feel a bit like an ambassador for France when reporting to headquarters. I need to ensure that our company understands the potential of my territory and that they are interested in investing in France whether for industrial or R&D reasons. As a result, when I meet with French officials I tell them that in many ways my job is similar to theirs because we both want France to be seen as an attractive country.

It's very difficult to talk about culture but I will say I am very comfortable in GSK as it has a culture of empowerment. Even though we have a very clear strategy at the corporate level the way in which it is implemented at a local level is the responsibility of the country managers. This is very important to me because I believe the pharmaceutical market is getting more and more complex, especially in regard to market access. Companies need global filing strategies for the FDA and EMEA but they also need to have an understanding of local specificities in order to succeed. I feel that GSK has an appropriate balance between global strategy and local operating approach.

Your move to GSK was a pretty big jump moving from your last post in Germany to running GSK's second largest market. At the same time, you had to be aware of complications on the horizon such as employment issues and the industry wide patent cliff. What made you

decide to ‘jump in the fire’ and take on this role?

I like to be on the frontline. I enjoy leading organizations, large or small and for me the size of a company is not what makes things exciting, it’s the challenge involved. I believe the time has come to make the necessary changes in this industry for many well known reasons. Today, I hesitate to say we are reorganizing because we are really moving from one model to another. The current economic crisis is an additional catalyst to a structural shift in the industry that touches every part of the business from R&D to commercial application.

When I met with the head of GSK, Andrew Witty, and my boss, Eddie Gray, I felt that they had a very clear vision and the ability to walk the talk. The vision was not extremely different than the one I heard at my previous organization, (as the diagnosis is really similar throughout the industry,) but I thought these two can execute. On a day to day basis, execution is not an easy thing to do but absolutely necessary all the same; you need someone that is both clear in vision and courageous enough to lead an organization through a period of major change. I try to lead my organization here in a similar fashion.

Pharmaceutical production has long been a mainstay of French industry and GSK is investing heavily in certain areas. Being an ambassador of France, could you speak to the importance of the country for GSK?

We have very strong roots to the country with one R&D and four manufacturing site in addition to clinical research. In the last three years we have invested €850 million in France putting GSK – the largest international investor in the industry – in a unique position. A large part of our investment has been in our Saint-Amand-les-Eaux vaccine unit which is up and operating. Additionally, we have expanded our R&D facilities and should inaugurate this new building sometime in early 2010.

I try to convey to authorities and stakeholders in France that GSK is a company on the move transforming itself for the future. Unfortunately this has a social impact with events like headcount reduction but it’s necessary in order to be prepared for the road ahead in France. There is a balance between rightsizing and investment in order to generate growth in the future.

GSK is committed to France, if you look at production as an example, we do not want to relocate our manufacturing sites. We believe it is possible to continue our production here for both the domestic and international market. However, if we want to keep these manufacturing jobs in France, we need to dramatically improve our productivity in order to be cost competitive against emerging markets. If we do not make this effort now, we will be obliged in five to ten years to acknowledge we are no longer competitive. Yes, it’s difficult to go through downsizing but if we do not the impact later on will be much bigger.

The industry is internationalizing rapidly; in the past it was enough to be successful in North America, Europe and Japan. Today, you have to consider a lot of other regions, not just commercially but through the entire value chain. If we want to keep producing in mature markets like France we need make sure we can produce for the world.

In regard to R&D, not only for GSK but for all big pharmaceutical companies , the system has not been very productive in the last ten years so we are taking measures to fix the model. Firstly, we are trying to move toward an internal biotech model which requires smaller, focused sites involving 50 to 60 people in what we call ‘discovery performance units’. Last year was the first time these teams presented a business plan in order to get investments to finance their programs. GSK had them present to a board of internal management and external investors which helped us identify the best opportunities. The external factor is really helpful in gaining a different view and separating from the emotions of the company.

As soon as the programs are approved and financed, we give a lot of autonomy to the teams and get rid of the bureaucracy because researchers are not looking for paperwork, they want to be creative and spend time in the lab.

Secondly, at the end of the day, no matter how productive and efficient your research organization is, most of the innovation is taking place outside of our walls. The question is really, how does one recognize and capture the research going on outside the organization? We want to build partnerships with the right companies and identify possible acquisitions so it’s important to open up to the rest of the world both public and private.

Commercially, we need to develop a new relationship with our customers. We need to go above being a commercial machine and become players in public health. This is not to say promotion is not necessary and on the contrary I believe we will always need medical representatives. However, the customers themselves are changing. In the past we focused a lot on physicians but I am convinced other customers will become more and more important such as retail pharmacists.

In order to become a player in public health we need to be seen as a partner. I feel this is possible because there are more common goals between ourselves and authorities than conflicting ones. The current social security deficit in many countries, including France, is large and getting bigger. Thus, we either find a way to establish a system everyone can benefit from or risk using the current system where all the actors will lose should it fail. The only way we will be successful is if we establish a vision for the mid to long term and work together to ensure each actor reaches their objectives.

Since the model is changing, we don’t need as many sales representatives as we had before which is a painful process after so many years of increasing people in the field. However, I am an optimist and I believe this will bring about a model with a closer, more value-added relationship with our

customers.

This involves a major mindset shift within the industry. I feel GSK is ahead of the pack in this change but a lot has to be done. As I said before it's not sufficient just to have a vision: you need to walk to talk. I hope that by 2012 we are no longer talking about a new model because we will be in it.

Last year, you were quoted saying that you felt the government was restrictive in the research process due to the structure of the approval process in France which blocks a lot of innovation from reaching market at a decent price. Do you believe this has changed in the past year? Where does this process need to be to make sure patients get the medicines they need?

France has a very good system in terms of access to market compared to many other countries so fundamentally, the system of assessing innovation is good. If we take an example in oncology, a study done by a Swedish team last year shows France at the head of Europe in terms of speed to market.

While the system is getting tougher, I don't believe it's necessary to completely reinvent the wheel. Instead of complaining, the health community has to work together to clearly define what we consider to be innovation. For instance, when it comes to clinical trials we should work not only with clinicians but with regulators and payers, in order to ensure that the design of our clinical trials and the profile of our drugs meet the answers to their questions. In the past getting an approval for your drug was sufficient because access to market was relatively easy so the entire process was focused at getting approval. Now, at the very least, you have to focus on getting access which is why within GSK we have taken to developing a reimbursable file for a drug to make sure it meets these further requirements. In our industry, getting approval without access is basically like getting nothing at all.

Authorities want innovation to reach market just as much as developers do so we should be working together to make sure it happens. The old mindset of the industry is that we have enemies which I absolutely disagree with. I know the French government is completely willing to provide its citizens the very best innovations but they have to do so under financial constraints. Success in reaching the market – and the patient – is a matter of us working together to tackle these issues and ensuring we have the answers to their legitimate concerns.

The industry is changing for the better and the authorities are recognizing the industry as made evident by the October Conseil stratégique des industrie de santé (CSIS) meeting. Furthermore, in June the industry held a R&D meeting for the neuroscience field at the Élysée Palace where President Sarkozy noted the health industry not only as important, but strategic to France. As far as I know, this is the first time any French president has come out and said this about our industry,

which means a lot to us. This shows a distinct political will to partner rather than fight.

During the recent CSIS meeting, the Innobio fund was created and GSK was alongside sanofi-aventis in entering €25 million to this strategic biotechnology fund. Was this part of your ambassadorial role? Whose idea was it for a British company to add as much money as the national champion of French pharmaceuticals?

Of course I played the role of ambassador to get this highly significant investment because in my day-to-day business life I see the political will for the pharmaceutical industry. With the full support of GSK's senior leadership, we wanted to send a very strong signal during a period of major change that GSK wants to remain a very strong player in France. We want to show that when there is a political will, even international companies can make significant contributions towards major national public health or research priorities.

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