Interview with Jean-Pierre Cassan, Honrary President of the LEEM, LEEM – Les Enterprises du Medicament

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Throughout your prolific career in the pharmaceutical industry, what would you describe have been the major changes in the French pharmaceutical market and to what extent has France kept up?

I think France has kept up with the world market albeit with some notable differences, namely in terms of our social security and healthcare systems. French people have always received good healthcare: you can see your doctor when you want, we have access to the drugs we need, and our generous system caters for all, even the very poor.

In terms of the major changes: first of all it is necessary to note a significant concentration of health companies from 1960 when there were more than 700, this figure has now dramatically reduced. In the case of Sanofi-Aventis, it is clear to see how a multitude of laboratories can become increasingly concentrated and has happened in numerous cases.

Secondly I must allude to two ideas: the arrival of blockbusters changed the terrain of the market totally. Before blockbusters, a company would have a long time in which to benefit as much as possible from their product before another lab would come up with a competitive molecule; however, this time period was significantly reduced from years to months, forcing the labs to adopt a very aggressive approach in order to make their product known to the maximum number of people in the shortest amount of time.

Thirdly, the increasing demands by the authorities on new drugs in the market have had a great impact on the healthcare system. For a product to receive authorisation to go on to the market, more tests are now required and drugs which came on to the market 25 years ago would now not be allowed to pass through the stringent process. As a result, more and more drugs have been removed from the market. This means that laboratories now just drop new drugs before they hit the market, something that was barely seen in the past. As a result the cost of R&D has dramatically increased.

Furthermore, I refer to the loss of patents and the error of big companies in ignoring the potential of generic drugs. From 1980, the continuity of laboratories to sell their products just as before was evident. This allowed more research and more money to be invested. With the arrival of generic drugs, certainly in France, a huge loss in revenues was witnessed quite sharply by the multinationals due to the loss of market leading to rapid benefit for generic manufacturers. They now find themselves more fragile with less blockbusters and a need for more generics, which they wrongly ignored. I feel laboratories shouldn't have ignored the potential of generics, and should not have let those revenues go to other companies. Of course the profit margins were slimmer, but nevertheless they existed, and are very much needed for R&D.

Today blockbusters are becoming quasi niche products, making it more difficult for the international firms to generate enough revenues to conduct R&D. Perhaps the most significant issue for the world health industry is the increased cost in healthcare. Due to higher life expectancy, illnesses that didn't exist or were previously untreatable now have to be faced.

Another error on the part of the government would to underestimate the benefits as well as costs entailed by increasing life expectancy. It is necessary to point out the potential revenue of the ever ageing and healthier population, which demands more retirement homes, a network of support staff, more drugs and jobs: the industry grows as a consequence of these increased needs. In France thanks to healthcare we gain 3 months of life expectancy per year!

France obviously has a rich history of research in pharmaceuticals coupled with a diverse array of laboratories. Can you explain why, then, France only really boasts one national champion, Sanofi, whereas in the US or UK there are more like 3 or 4?

In reality, 10 or 15 years ago there were six significant players, Sanofi and Aventis, who were in the top twenty worldwide, and four slightly smaller – Servier, Fabre, Fournier and Ipsen : this group comprised the G6. Although, only two of these were really big enough to pull through as a major world player – Sanofi-Aventis, who merged taking on many other smaller laboratories and becoming France's flagship company. On the other hand, it is necessary to recognise the global influence of Servier, who may not be in the very top, but is growing impressively and dynamically. Furthermore, Fabre have gone to great lengths and done very well in specialising in oncology and

bringing in cosmetics, making them also an international player. Regarding Ipsen, its takeover of an American biotechnology company, its investments of about 19% of its turnover in Research and its rapid growth will particularly allow the company to play a more important role in the future on the market worldwide.

Is it fair to say there is not so much worry about regarding the evolution of the French pharmaceutical market in France which, even though prices might be lower than in other developed market, offers a very valuable stability?

France has certainly caught up somewhat as far as pricing is concerned, in terms largely of products which attained levels 1-3 and perhaps 4 of the ASMR levels. CEPS along with LEEM have made a great deal of effort to launch products, which once passed by Transparency Committee product get to market at reasonable prices, subject to reimbursement if required, whilst improving the service and patient care. On this we have advanced.

On the other hand, we have shrunk away from the indications and the number of patients. Before, with an indication we were free to make our own decisions. Now we are subject to the Committee of Transparency and CEPS to inform us on a limited number of patients according to their figures.

Usually, there are comparable prices for four countries in Europe according to CEPS worth taking into account: Germany, UK, Italy and France, if looking at an average figure. On the one hand we have caught up with prices but on the other hand authorities have introduced restriction on indications, number of patients, treatment and toxicology. This sets France apart: it is arguably a complex system, but suits France.
There are not huge worries about the market due to our healthcare system. Sad as it is to say, it is a market reliant on illness: as life expectancy increases, so does the risk of becoming ill – this may entail more costs – but undeniably requires more help and so more drugs.

Do you have any worries regarding the industrial capacity of France, its multinational companies and closure of laboratories?

This is a problem which should be addressed from a global point of view as it is present in other countries as much as France. When a patent expires, in the past a company would have no trouble finding a use for its manufacturing facility. Now, this is not the case. Previously generic drugs could not be manufactured inside France before the patent expired and had to be imported. Now this has changed and will encourage many businesses to look to generics. Already multinationals are considering producing their own generics after the patent expires, Pfizer, Novartis and Sanofi are good examples as they already have a good grasp of the product.

There is however, a problem: a lack of relationship between labs and pharmacists is prevalent amongst health companies who enjoy a privileged doctor-lab relationship in France. Consequently,

this heightens the sales rep's role of informing both the doctor and pharmacist and relaying both points of view. At the end of the day, a doctor and pharmacist could have different points of view, but a laboratory needs a relationship with both.

Due to huge and sudden losses of market share and capital, the innovation powerhouses are now increasingly looking to generics as well as niche markets and some have yielded extremely pleasing results, demonstrating the possibility of this.

Biotech in France has not developed in the same way as in other significant pharmaceutical markets, is it too late for French companies to follow suit?

We are not allowed to say it's too late. Although, there has indubitably not been enough exchange between multinationals and biotech companies in France: the attitude between SMEs or university researchers such as biotech companies and huge multinationals in the US differs immensely and does not suffer from the isolation of French biotech from the key drugs companies in France. In France everyone pretty much works for himself, the researchers, the administrations and the big multinationals, and have very little communication and/or relationships. There is some kind of suspicion between all these stakeholders, which is really damageable and explains the situation. Having said that, since the creation of the biotechnology committee within the LEMM in 2003, there has been some catching up in France in terms of synergy between biotech and multinationals. At FEFIS it was my objective to increase the communication between the public and private spheres, and this rapprochement was fundamental given the diverse structure of France and number of health enterprises.

On a regional level, it is far more effective if companies communicate breakthroughs or advances in research molecules or devices and work more closely together. Until this conflation of the private and public is reached, progression will be tricky. I worked for 20 years in Sweden with many small groups which comprised members of the public and private sectors, and by getting over the prevalent and unnecessary fear that exists in France between the two sectors, a good degree of cooperation was achieved.

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