Interview: Luciano Marques – CPO Head & Country President, Novartis, South Africa

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The country president of Novartis South Africa reveals how Novartis has recently moved to new premises, demonstrating a clear commitment to continue investing in the country; why South Africa has been chosen as the company´s hub for Africa, and how they have consistently been selected as one the best companies to work for.

When we first met with you in 2011 you had just recently been made country president of Novartis South Africa. What have been the main milestones and achievements since then?

There have been several achievements. From a people point of view we have consistently been selected as one of the best places to work. Another major development has been the move to new premises, demonstrating our clear commitment to continue investing in South Africa. This move has allowed us to communicate Novartis South Africa´s aspiration to remain a leading pharmaceutical company. From a business perspective, we have consistently increased our presence in the country, driven by our innovative products. We have improved the quality of care on offer in the healthcare system through our medicines and services. Our aspiration remains to be amongst the best pharmaceutical companies in South Africa. In terms of social responsibility, we

have undertaken several initiatives. We have continued with our contribution to tackling malaria, as well as our contribution in TB, where we work closely with academia and specifically the University of Cape Town to discover new drugs to fight against TB. We have recently signed a joint venture with IBM and Vodacom, where we are working on a platform that will help with the management of non-communicable diseases, with a focus on diabetes, hypertension and obesity. We have created a system which allows healthcare workers to better coordinate on the ground and to generate data allowing for better resource allocation in the public system. This platform is currently in a pilot phase; it will make a significant contribution to the development of the healthcare system.

What importance does the Novartis affiliate attach to partnering and building long term strategic relationships?

Partnering with both industry and government is key for Novartis, It is one of our main priorities. Our recent decision to have a new set up in the country, moving in to a new building, as well as establishing the hub for Africa in South Africa, demonstrates our commitment to the country and our interest in engaging with our external stakeholders. I believe dialogue and teamwork amongst public and private actors is crucial, especially for an emerging market that is undergoing a transformation of its healthcare system. The government recently organized a full day workshop, where both the authorities and the private sector came together to address the priority points on the agenda of the minister of health; a good example of working together to tackle a common problem.

What has been the evolution of Novartis' different divisions in South Africa? Last time you told us that pharma was the most important division, generating around 60 percent of revenue, the second largest being Alcon and the third Sandoz. Where does it stand today?

Our global CEO has reviewed the company´s overall strategy. In the past we used to have other businesses, such as animal and consumer health, vaccines and diagnostics: all very good businesses, but without global scale. Novartis has a commitment to make a global impact for the benefit of patients, and a decision was taken to focus on those areas where we are world leaders. We divested our vaccines business to GSK, as well as our animal health business to Eli Lilly. We acquired GSK´s oncology products, reinforcing our leadership position in this area, as well as creating a joint venture with GSK in the area of OTC. Our three focus areas are pharma with innovative medicines, where we are amongst the top three companies worldwide; in eyecare we are a leading organisation with Alcon; and lastly we are the second largest generic organization in

the world with Sandoz.

The company is not focused on just one area in the healthcare business; it has a broad offering. What have been the main growth drivers for the South African affiliate these last few years?

Our mission is to care and cure. From that perspective, being able to offer affordability with our generics business, and breakthrough products through our pharma business, allows us to take a holistic approach at the patient level. Our main growth driver has been in maximizing this set-up that we have in South Africa. We bring innovation to patients in the country. Over the last few years we have brought several innovative products in different areas: in hypertension, diabetes, multiple sclerosis, in the respiratory therapeutic area and more recently in dermatology and oncology. From an affordability perspective, by bringing generics to the market we also provide alternative solutions, of a high quality, for patients in South Africa.

Novartis currently operates in over 140 countries. What is the strategic importance of the South African affiliate both globally and in the context of the African continent?

South Africa is very important for Novartis. South Africa is one of the leading countries in the African continent, a continent which is a priority market for the group. South Africa also has a leadership role as part of the BRICS. Two years ago Novartis decided to put the hub for Africa in South Africa, and now we have our colleagues from the Africa cluster, responsible for sub-Saharan Africa, based in our new building.

As a company that is striving to bring innovation to areas where there are a high level of unmet medical needs, how do you think the country can best balance increasing access to healthcare while ensuring there remains a place for innovation?

You need to find a balance; you cannot have a market driven simply by old products. Innovation has a crucial role to play because there are unmet needs that older products cannot satisfy. Novartis plays an important role in unlocking access to medicines for the South African patient. Increasingly what is required is an exploration of different access models. In the past the market has been heavily regulated, in order to avoid distorting the system. We need to start considering different models for highly innovative products: risk sharing models and innovative access models, which have been widely used worldwide and particularly in emerging markets. We need to take this opportunity to be more innovative so as to improve access to medicines for patients in South Africa.

When we met with Minister Motsoaledi, he was telling us how the Public Health Enhancement Fund was one of his proudest initiatives, bringing together public and private actors across the healthcare spectrum. What potential do you see for this model to raise the standard of treatment on offer in the public healthcare system?

Such partnerships are something that we are looking to leverage further. The joint venture which Novartis has recently signed with IBM and Vodacom, working on a platform to help with management of non-communicable diseases, is a public-private partnership of sorts. The focus is on collaborating to improve the quality of care on offer in South Africa – there is no commercially driven interest in this partnership. This is not a stand-alone agreement amongst three companies; we are engaged in a pilot scheme with the public sector. By all working together we can have a greater impact in improving the healthcare situation in the country. Companies are ready to engage with the government to see how they can improve access to medicines, in both the private and public healthcare systems.

What legacy do you want to leave at Novartis South Africa?

The intention remains to create an environment where we can foster innovation and collaboration, with an emphasis on cross-functional work. We are internally organized in a matrix model, so as to favour collaboration, and our values and behaviour are aligned across our different divisions. Novartis South Africa is currently consolidating its aspiration to be perceived as a key partner for different stakeholders in the healthcare environment. We look to create an environment where people want to work for us. The legacy I want to leave is for Novartis to be known for more than selling its products in South Africa, but to be seen as an important partner that is willing and open to engagement with different stakeholders so as to improve the healthcare system.

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