Interview: Franck Telmon – President, Daiichi Sankyo France



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The president of Daiichi Sankyo France discusses the affiliate's positioning and future strategy, the challenges for an international pharmaceutical company in France but also why the many strengths of France more than make up for these challenges, and finally, the unique aspects of Daiichi Sankyo's corporate culture and core values.

Can you give us an overview of Daiichi Sankyo's activities in France?

In Europe, and particularly in France, Daiichi Sankyo is an expert in cardiovascular diseases. We are the reference company for many healthcare professionals in this area, with a very well established portfolio in cardiology. When this French affiliate was set up around twelve years ago, we began with Olmetec® in 2004, our drug for hypertension and launched successfully a broad range of products in this therapeutic area up until 2010. Our second product is the drug, Efient®, which is a treatment for thrombosis. We also expect to launch a new drug, Lixiana next year, which is a new oral anticoagulant with a good safety profile and patient benefit. Our experience with cardiology has been excellent. Despite it being a very competitive area and us being relative latecomers, we have succeeded in establishing ourselves in this field.

Daiichi Sankyo's blockbuster drug for hypertension, Benicar®/ Olmetec®, will lose its patent in 2017. How will this change Daiichi Sankyo in France?

It is necessary to innovate in order to continuously develop a pipeline of great products for our patients. Our expected product launch in France next year of Lixana, which is already available in Japan, United States, Switzerland, Germany, Netherlands, and the UK, is a prime example: it is in the same therapeutic area, so we are building on our existing expertise and our solid customer base. This will not change the company fundamentally in terms of our strategy or values, but it is pushing us to continuously innovate. We will also enter into more innovative and specialist areas, with oncology as our main focus. We currently have 70 compounds in pre-clinical phase and 15 in clinical phase and we will see how they progress. I am very optimistic about our new portfolio and we plan to enter the Top 10 companies in oncology. What is key in oncology is to establish ourselves firmly at the beginning with the launch of a truly innovative product, with strong added-value. Even if this means we target a smaller patient population initially, in the long run, it will benefit us in establishing our brand, and an image of innovation and excellence that can pave the way for future success.

As a Japanese company, what has been the main challenges when it comes to dealing with the French healthcare system?

It is still a very attractive market and there are a few things to adapt. The first point is pricing difficulties. In France, we have the lowest drug prices in Europe, compared to Germany, Italy, Spain and the UK. If France still wants to be attractive, prices policy should be considered carefully.

Furthermore, France is the only European country with a cap on the overall revenues of the pharmaceutical industry. For next year, the Ministry of Health has legislated a global cap on the pharma industry of negative one percent.

It is understandable because there is a lot of pressure on the sustainability of the healthcare budget. However, the pharma industry constitutes only 15 percent of healthcare expenditures and yet we are expected to furnish 50 percent of the savings. A fair price assessment needs to take into account the fact that a new and more efficient drug will also have savings down the entire chain of care, from hospitals to outpatient care and overall increases in quality of life, which translates into increased economic productivity for the individual. Currently this holistic view is not being sufficiently taken into account.

Have there been any other issues?

In addition to the main challenge of obtaining fair pricing and reimbursement, there are two minor issues. Firstly, there is the complexity of market access. Launching a drug in France takes around a year longer than launching the same drug in Germany.

Secondly, there is a complicated burden of taxation. A very good illustration is the fact that in France, there are 11 different taxes specific to the pharma industry, such as on all investment and promotion and on the recycling of drugs. If you compare it to European countries, they have one or two. The overall tax burden may be comparable but the number of taxes in France is much higher. Explaining the situation becomes complex when I meet with the global headquarters or other affiliates. As the general manager of the French affiliate, I also need to convince headquarters to invest in France. I have to work much harder to convince them that France is still very attractive!

But you have also said that overall, France can be proud of its healthcare model. What then are France's attractive qualities?

Despite all my concerns, I firmly believe that France is still a very attractive country and very much worth investing in. The pharma industry is one of the most recognized and important components of the French economy. Fundamentally, there is a good level of understanding between the public and the private sectors, and there is a good relationship between the authorities and the private sector, founded on a shared concern for the patient. France is also renowned for the quality of its research, particularly in specialist areas like oncology. We expect to launch a new product next year, Lixiana®, with two different indications. We conducted a global study and we had some centers in France. In one indication, France was the first country with regards to patient recruitment worldwide. Combined with the quality of the data and research, this makes the French clinical research environment very attractive. This is emphasized by the fact that headquarters has identified France as a key center for cancer research as we move into the field of oncology. In terms of innovation, we are the second European country for biotechnology development, after the UK. Daiichi Sankyo has capitalized on this by forming partnerships with French biotechs.

We also have extensive experience in manufacturing and more importantly, a reputation for quality, both of which are key for our industry. We have a manufacturing site in Altkirch, France, which is unique because it produces APIs, which is usually done in low-cost countries like India. We have kept production in France because of the high levels of expertise and dedication at our facility, which need to be recognized. To produce the kind of API we need at this facility, one requires more than two years of specialized training. It is crucial that we do not let the few weaknesses overshadow the plethora of strengths France still possesses.

Globally, Daiichi Sankyo is a top 20 company but in France, its presence is not as strong. What is your strategy for improving Daiichi Sankyo's positioning in France?

What is of paramount importance is being part of a top global company and one of the key actors in the global pharmaceutical industry. After that, our local ranking in France is not an objective. Like all general managers, my main objective is to achieve results with my employees and provide good quality products and services to healthcare professionals and patients. For me, that is the main driver: to deliver the best products to our patients and to bring out the best in my employees.

I believe this is the difference between American and Japanese companies. I worked for both, and I must say that the Japanese take a more long-term view and this translates into a more long-term management and strategy.

You have spent over a decade with Lilly, an American firm before you joined Daiichi Sankyo. How was your transition from an American corporate setting to a Japanese one?

It has been interesting, but not difficult, as long as you remain open-minded and absorb the best from each culture. American firms have very good global alignment and the structure and company culture is extremely unified. For an employee, there is a stronger sense of belonging because the affiliates resemble the headquarters strongly in terms of organization and structure. For a Japanese company, the belonging stems more from a sense of personal ownership. As an affiliate of a Japanese company, I believe we have more autonomy than affiliates of other companies. Our headquarters understand that different countries have different business cultures and that the general manager of an affiliate knows best how to drive their market.

With your background in marketing and sales, what changed for you when you took up this management position?

I have the chance to do the most exciting job of my life. Every day is different. On any given day I may speak to my team about our future strategy, talk with key opinion leaders, with regulatory authorities, with policy-makers, with the industry, with a medical representative on the field, with associations, or with unions – the list goes on. There is so much diversity in my job scope. It is truly liberating!

A few words to conclude Mr Telmon?

We are ready to innovate for tomorrow but we will still stay true to our roots. We will build on our values of patient-centricity and innovation to guide our future developments and adapt to new trends and development in the industry. France is a very accomplished and attractive country for our industry and it has so much to offer, but it has to integrate the fact that it also belongs to a globalized world.

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