Interview: Philippe Luscan – President & Executive Vice President for Global Industrial Affairs, Sanofi France



12.01.2016

Tags: Pharma, Pharmaceuticals, France, Sanofi, Philippe Luscan, Growth, Executive Insight, Exclusive Interview, Research, R&D, Biologics

Philippe Luscan reveals how Sanofi contributes almost USD 6.35 billion net to the French economy; how their five new global business units will drive future growth, and why they are now accelerating their investment in biologics.

As the national champion in the healthcare sector, what is the importance of Sanofi to the overall French economy?

In France, Sanofi is the number one healthcare actor. We have 27,000 employees and over 40 sites, including 20 manufacturing centers out of a total 100 worldwide. Last year Sanofi was the fourth largest French exporter. With our extensive manufacturing footprint, we export 85 percent of production to the rest of the world. When it comes to vaccines, the overwhelming majority of our French manufacturing footprint caters for our global business – we export 95 percent of production. From a trade balance perspective Sanofi contributes almost 5.8 billion euros (USD 6.35 billion) net to the French economy, equal to the entire food industry in France.

The French market represents seven percent of our global sales. It is vital that we ensure competitiveness of production when it comes to both our French and global operations. We have to deliver quality, service and competitive cost of goods. In most of the markets where we are active, there are considerable pricing pressures, and it is essential that our own manufacturing arm is

delivering value to the chain. In France, over the last five years, we have invested 1.7 billion euros (USD 1.86 billion) in capital expenditure, of which 1.5 billion euros (USD 1.64 billion) was in the biotech field, including vaccines. We have also been investing in Boston, where we have a biotech hub with Genzyme, as well as in Frankfurt, Germany. Our goal has been to realign our network with the company's pipeline. Today, 85 percent of Sanofi's R&D pipeline is in biologic products.

For several months Sanofi´s CEO, Olivier Brandicourt, has been talking about a turnaround plan leading to a reshaping of the current manufacturing network. Could you tell us more about this industrial strategy?

We have adopted a three-way strategy. First, capital investments, primarily in the biologics area, in order to prepare ourselves for the future. Second, competitiveness, where the efficiency of all our sites globally is essential. This is true for France, where we are strong and believe in the country's future, but it is true all over the world. And third, the evolution of our network, where we have been disinvesting from certain sites. In the last month, we announced that we would divest from a site in Argentina for example, where we have not reached a critical size in order to be competitive in the long-run. These are the three pillars of our industrial strategy. We will continue to adapt our footprint, improve our competitiveness, and invest in biologics.

You have recently stated that France would not be affected by these changes, and this comes after a few well publicized sites closures in the country. Could you please describe the changes that have occurred in France over the past few years?

You always have to transform a business, adapting to future trends. At Sanofi in France we have captured the opportunity to export. Our French network is not working for France: our French network is working for Sanofi across the whole world. This is only possible if you guarantee service, quality and competitiveness. You cannot project yourself in exports if you are not competitive. Our large biotech investments have allowed us to align ourselves on less small molecules and more on a biologic path. In France we have conducted some important restructuring in this regard. The old chemical site at Neuville-sur-Saone was closed down and we invested in a new workshop there, producing a dengue vaccine. In Vitry-sur-Seine we used to have a large chemical site, that we partially closed down in order to invest in monoclonal antibodies. In Vitry-sur-Seine we also conduct research dedicated to oncology and auto-immune diseases and we decided to co-invest in production in order to have a continuum of knowledge between R&D and industrial affairs collocated in biotech. In a nutshell, we have been adapting our production facilities over the last five years and investing in biotech.

Historically Sanofi was more focused on small molecules. But with the growth of Pasteur, the arrival of Genzyme and with our pipeline development in monoclonal antibodies, we are accelerating our investment in biologics, upstream, downstream as well as in devices. Our strategy is the same in France as it is globally We strongly believe that France is ready to become a leader in biotechnology innovation. That is why we have established over 55 partnerships in France, building a French innovation ecosystem to promote collaboration between large pharmaceutical companies, innovative biotechs, laboratories and universities.

There has been much talk about the Group´s new structure organized around five global business units. Could you please lay out the objectives behind this move?

Under Olivier Brandicourt´s mandate, we decided to set up a structure with five new global business units in order to drive future growth: General Medicines & Emerging Markets, Specialty Care, Diabetes & Cardiovascular, Sanofi Pasteur and Merial. This new structure will be implemented early January 2016. For each business unit we will have a manufacturing network that is portfolio specific. This network will be worldwide. It is important that the network is competitive in relation to the market it is serving and the portfolio it is producing. We want to be leaders in each of these businesses.

Sanofi’s future plans rely on a new business model that brings the company back closer to its core – developing innovative drugs and biologics around a fully integrated “patient-centric” approach to chronic and rare diseases. Is this the end of the Sanofi we knew as a very diversified company?

I have been working for Sanofi for 25 years and during that time we have constantly been adapting. It is true that we are currently going through a very exciting period, with a new CEO, and his vision of the company based around five global business units, providing the future roadmap. It is another chapter in the life of Sanofi and it is the role of all actors, and in particular managers, to adapt to this roadmap. There is not a past versus the future; a company is always adapting to its pipeline. Diseases are evolving, research is increasingly innovative, and it is our role to adapt to the opportunities that present themselves both inside and outside the group, working alongside the patient community.

You have been with Sanofi for 25 years. What is it that you most appreciate about working for the company?

I am always impressed by Sanofi´s permanent dynamism. While we have a great history, we are projecting ourselves for the future. Our portfolio evolution is remarkable and it is always a joy to be

able to launch new products, and see the positive impact among patients. From a manufacturing perspective we have been through a transformation project, and this journey is not over yet. You can count on us to keep our high-level of professionalism throughout our evolution. In France, we are leaders, and have a specific responsibility to help with the company´s global transformation.

Click here to read more articles and interviews from France, and to download the latest free pharma report on the country.

See more interviews