Interview: Pierre Henry Longeray – President of Biopharma Activities, Merck France



We are no longer positioning ourselves as a pharmaceuticals and chemicals company, but as a science and technology company.

19.07.2016

Tags: Pharma, Pharmaceuticals, Biopharma, Biotech, Merck, Science, technology, Research, R&D, Interview, Insight, Exclusive, Executive, Free

As President of Biopharma Activities for Merck in France, Pierre-Henry Longeray reveals how France is the third ranked affiliate after the US and Germany for the Group; how the French culture of innovation is one of the main drivers of the business; and how Merck is shifting from a pharmaceutical and chemical company to a science and technology group.

Could you please start by introducing yourself and giving our readers an idea of Merck's position in the pharmaceutical value chain in France?

[Featured_in]

I am a pharmacist by background, and I started working in the pharmaceutical sector in 1986, in Lyon, when I joined Lipha which was then acquired by Merck in 1991. This was my first experience of integration. In 1990, I became country manager of Lipha in Belgium, before moving back to France, working in different sales and marketing roles. I was for example in charge of international marketing for one of our famous brands, Glucophage, an anti-diabetic product. We launched the product in the US with BMS in 1995. Then I was asked to take over a company called Theramex, based in Monaco. We sold this company in 2009 but I moved back to Lyon in 2007 when we acquired Serono and I was in charge of the integration between Merck and Serono for the French market.

Today, my role as President of Biopharma Activities for Merck in France implies I am in charge of the Biopharma operations of the company in the country. In terms of manufacturing, I have no operational responsibility as this is managed globally, but I do have a legal responsibility meaning I am responsible for the people working in our French plants. Merck is one of the biggest international companies in France with 12 sites, most of the production being exported. Lyon is the headquarters of our biopharma activities. Our chemical plant and distribution center is in Meyzieu close to Lyon and, due to our recent acquisition of a life science company Sigma-Aldrich, we now have another plant in the region.

We have 250 people working here in Lyon, 200 in Meyzieu, and 200 in Saint-Quentin Fallavier. Overall in France we have 3,200 employees.

2015-16 was an interesting year for Merck with a new global CEO, new directives in terms of group offerings, a focus on profitability, growth of existing products, a hastening of R&D, and the development of three new divisions: healthcare, life science, and performance materials. How does that plug into your activities in France?

We have a long history; Merck started in 1668 and in 2018 we will celebrate 350 years of innovation. However, Merck is a fast-changing company and everything has accelerated within the last two years. We are no longer positioning ourselves as a pharmaceuticals and chemicals company, but as a science and technology company. Being a science and technology company means that we have three different businesses. The first being healthcare, the second life science which is the result of the acquisition of two big US companies; Millipore and Sigma-Aldrich. And finally, the third business, performance materials, makes us the leading company in liquid crystals.

We are mastering different technologies; not only biotechnology or chemicals for our healthcare business, but also technical activities for life science, and also digital work for performance materials. We are unique in this and want to continuously innovate.

It seems that pharma MNCs continue to have success in France. Is this due to the historical inheritance of the industry here or are today's metrics still conducive to investing in France?

I think it is related to both. We have a long history in terms of innovation in France and people with strong healthcare backgrounds such as Nobel Prize winning researchers who started here. We also have a good reputation in terms of quality, manufacturing quality and a special structure of *Pharmacien Responsable* (Head Pharmacist).

When a company has an existing plant in France, and that this one does not pose any significant challenges, considering the strategy of the company, I believe the company will continue to invest in it. However, building green-field plants in France is rare, and this is when current metrics are maybe not conducive enough.

How does France rank in terms of importance within the Merck organization?

In Biopharma, France is a big country for our organization. We have always had strong subsidiaries in Biopharma in Europe. Today, France is the third ranked affiliate after the US and Germany, and has roughly the same turnover as Germany. We have a small internal competition with our German counterparts each year!

Would you say that the French healthcare system is the main reason for the importance of Merck France within the group?

> The French culture of innovation is one of the main drivers of our business in the country.

The French culture of innovation is one of the main drivers of our business in the country. If you have an innovative product, the probability of a successful launch and embracement by medical professionals are very high, even in a very competitive market. French KOLs are international KOLs and are extremely aware of innovation and they look for it. For instance, oncology specialists in France are considered state of the art oncologists worldwide and responsible for global research programs. As a nation, we are state of the art in terms of innovation – without a doubt.

When we talk about innovation, we talk about disruption. Pharma companies have new competitors such as Google, where the system of alignments is completely different and seems to be fit for innovation. How fit is Merck for innovation and technology?

What is clear now in healthcare is that digital is a technology we need to master in order to develop our activities and continue to innovate. However, digital is just *one* of the technologies that we need to manage in order to be a leading company. We have a strong plan on how to develop our digital activities across the organization.

> We were the first company to commercialize connected electronic medical devices which provide the patient with a device to administer their injections on a daily basis.

We already have a history of innovation related to digital technologies. We were the first company to commercialize connected electronic medical devices which provide the patient with a device to administer their injections on a daily basis. Merck started with an electronic device in 2010, for patients needing growth hormones injections or multiple sclerosis treatment and a connected electronic device in 2014. This device is electronic so it gives the patient the ability to track their actions and also adapt different parameters for injections, to make them as painless as possible. This device is connected to a work platform so that both the patient and the healthcare professional can follow the process.

What are the most interesting areas of your portfolio and in which areas are you moving forward?

Our current portfolio is 60% biotech. Our specialist business lines are oncology and neurodegenerative diseases, fertility, and endocrinology. Of course we also have a historical portfolio in general medicine for a much broader population with extremely strong brands like our thyroid treatment which is taken by over three million patients, five percent of the French population.

Overall, the company is moving from general medicine to specialist medicine, especially in Europe, the US, and Japan. Our portfolio and all of our R&D activities are focused around this vision in Oncology, Immuno-Oncology, Neurology and Immunology.

Could you please tell us more about Merck’s partnering strategy with other pharma companies, and are cooperation models between big pharma companies something we will see more of in the future?

[related_story]

For immuno-oncology, we partnered with Pfizer to co-develop an anti-PD-L1 product and accelerate the speed of its development. Currently the drug is at Phase II / III of clinical trials.

This kind of partnership is not something new and I don’t see any reason why it would go in another direction. It is impossible for a company to master all the technology needed to provide innovation; especially as more future innovation will be a combination of different technology and companies will not have everything needed in house.

The collaboration model could also be quite flexible in terms of co-marketing or co-promotion. Alternatively, one company could take control of the commercialization aspect and the other focuses elsewhere. There are many options.

The level of innovation in this country is high in terms of number of start-ups and how we are moving forward in everything related to digital technology. We are also able to combine healthcare-related technology with digital innovation.

I think that innovation in healthcare is already global. We need a balance between research and development in our industry; healthcare is a mature, resource driven business; therefore, research can be local but development is so costly that it can only be global. It is hard to imagine a small start-up become a global company in healthcare, in this day and age. The digital industry is different as research and development are more closely aligned, meaning you could easily imagine a digital start-up in France becoming a leading company in the future.

In digital, we have small companies which have the potential to go global. To compete against GAFA (Google-Apple-Facebook-Amazon) is a challenge but there is some room and in France, where innovation is a good driver and you have well-trained engineers and universities, there are good opportunities.

What is the advantage of being based in Lyon and what role can Merck play in promoting the region?

Most international pharma companies establish their headquarters in Paris. However, there are advantages to being based in Lyon. First of all, it is easier for pharmaceutical companies to be identified here than for the 200 based in Paris! You can build a better relationship with the local authorities, companies, and hospitals.

Secondly, Lyon has a long history of healthcare and innovation through companies such as BioMerieux, Merial, Sanofi, Boiron, or Aguettant. We need to continue to demonstrate that Lyon and its region are a good place to be, not only in France but also in Europe. The Mayor of Lyon’s office is working hard to support the region and Laurent Wauquiez, President of the Auvergne-Rhône-Alpes Region, is also pushing in the same direction.

Lyon is close to Merck’s global headquarters in Frankfurt, there is now a high speed TGV train between the two cities which will get faster in the coming years, bringing the two cities closer together. There is also a long history of German-French partnership in the area.

See more interviews