Interview: Tuomo Pätsi – President EMEA, Celgene, Switzerland



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Tuomo Pätsi, President of the EMEA region for Celgene, talks about marking the tenth anniversary of Switzerland as Celgene´s EMEA headquarters; reveals how their workforce has increased from a handful of individuals in 2006 to 700 in Switzerland and 2,300 across Europe today; and how Celgene's continuous R&D investment distinguishes the company from its competitors.

You were one of the first employees of Celgene in Europe assisting with the establishment of the commercial organization back in 2006 and laying the groundwork for launching blockbuster REVLIMID®. What was the initial rationale behind basing the company's European headquarters in Switzerland?

This year we indeed celebrated our first ten years in Switzerland as the EMEA regional headquarters. Back in 2006, we were very confident that European patients suffering from multiple myeloma and the local medical community would come to regard REVLIMID® as a tremendously important therapeutic product, but there were still a number of different market entry strategies on the table for consideration. One possible pathway, for example, would have been to license the product out to an existing company with a strong European footprint. I am very happy that instead our board of directors ultimately displayed the vision and trust for us to set about building our own standalone organization.

Switzerland was actually a natural choice to start-up operations because the local ecosystem is well geared up to supporting a highly specialized activity. When you're engaged in the business of developing specialty products, your main concern is to ensure that you have a secure environment at your disposal and easy access to top talent in different functions. We believe that Switzerland stands out as being exemplary on all of these counts and indeed many of our peers have reached exactly the same conclusion. It is no coincidence, for example, that other big-name pharmaceutical companies are also deeply embedded here.

Surely the flip side of the coin, though, is that conducting your manufacturing in Neuchâtel comes at a high price tag compared to doing it in much of the rest of Europe?

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As a leading bio pharmaceutical company, we appreciate the fact that Switzerland offers an excellent enabling landscape that encourages innovation, a high performance and reliable infrastructure and a truly international, high skilled and multilingual human resource pool. For a firm of our caliber and bent, this all matters a lot. On top of that, this is a very attractive location for our employees to live, which also helps when trying to bring in best-in-class talent.

What is the scope of your in-country activities today?

We've grown a great deal since our initial, rather improvised office in downtown Neuchâtel. Our workforce has increased from literally a handful of individuals in 2006 to 700 in Switzerland now and 2,300 across Europe. The EMEA International Headquarters in Boudry includes global manufacturing, clinical R&D, drug safety, regulatory, medical affairs and marketing along with shared services like human resources, legal and finance. By bringing these functions together we ensure that these different departments are well aligned and collaborate in the best way.

On the manufacturing side, we produce all our oral medications in Boudry. That means that we function as the global production site for our treatments for multiple myeloma – REVLIMID® and IMNOVID® – and also psoriasis drug, OTEZLA®. Right now, we are actually expanding those manufacturing capabilities by putting in place an additional facility in Couvet (Neuchâtel), which we aim to have operational (with the appropriate validations and approvals) by 2019 and will comprise five buildings (reception, administration, production, packaging and warehouse) over a total surface area of 37,000 square meters.

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And how significant is the Swiss market itself?

The Swiss market is actually a rather important market in percentage value terms and is a model for others. Celgene has been successful in gaining market access approvals locally and we are also collaborating with Swiss university hospitals on a regular basis for clinical research, which is strategically important to the company as a whole. One of the characteristics of the Swiss market is that they possess their own separate and distinctive regulatory framework, which entails different dossier filings and price negotiations to EU member states for instance. For all these reasons Celgene decided to open an office in Zurich dedicated solely to Swiss affairs and navigating local market access protocols.

What would you describe as your main priorities since your appointment as President of the EMEA region in September 2014?

Much of my attention has been focused on maintaining the momentum of the Hematology and Oncology franchise. We are one of the leaders in hematology, but also have a diversified portfolio in oncology with our highly effective brand ABRAXANE®, for treatment of pancreatic, breast and lung cancers. Then building up the new Inflammation and Immunology franchise presented a great opportunity for us. Pursuing this path is a bold move, but one that has ultimately proven to be the right decision as demonstrated by the fact that we have already managed to secure the necessary approvals and reimbursement.

With ‘market access’ increasingly the name of the game, how do you practically go about ensuring the availability of your medicines to patients?

Over the past two years, we have obtained no less than 5 regulatory approvals in Europe. This is an amazing achievement for a company of our size. From the very beginning, Celgene has been committed to delivering innovative therapies and bring new options to treat rare diseases. There is, of course, no denying that market access processes have been getting more stringent over time as governments seek to contain costs and as the mechanisms to evaluate the value of products get more sophisticated. Celgene has, however, proved adept at bringing new innovation to market and indeed our new indications for REVLIMID® have been fueling much of our recent growth.

We distinguish ourselves by always being ready to engage in open dialogue with the authorities and appreciate that the traditional bargaining techniques that used to characterize pharmaceutical negotiations are not necessarily fit for purpose today. We recognize that the onus is not just on the payer, but also the developers of medicines to make healthcare provision more sustainable in an era of rising costs and increased demand. In short, we understand the importance of working together to identify practical solutions and end outcomes that benefit everyone – innovators,

payers and patients – alike. Of course, we also want to ensure that medicines are valued for the impact they have on patients and society as a whole, because this recognition of value is what incentivizes us to continue investing in the risky business of drug development.

Much has been said about refocusing on end-outcomes and the patient. What exactly does "patient centricity" mean to you?

As committed as we are to clinical development, we are equally committed to patient support, which is a guiding principle at Celgene. We believe all patients in need of new treatments should have access to innovative medicines.

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For us it's about listening to the patients at all stages of product development and properly taking into account their views. Typically, the medical community is concentrated on medical outcomes and hard end points such as 'survival rates', which give concrete, easy-to-measure statistics. There are, however, other considerations that should always be taken into account, which though perhaps less easy to calculate are nevertheless very valuable aspects for the patient that really do impact quality of life. We have to, at all times, be very sensitive to these realities. To do this properly entails engaging even more with patient groups, awareness and collaborating with both governments, HCP's and other industry players.

Indeed, we note that collaboration is one of the defining hallmarks of the Celgene business model and that you have entered into strategic immuno-oncology collaborations with companies like AstraZeneca and Juno Therapeutics …

Absolutely. Advancements in medical science now dictate much greater levels of cooperation than was previously the case. In Immuno-oncology, for example, success is often achieved through combination therapies and no single enterprise possesses a monopoly on the knowledge.

It's not just industry that has to start adjusting to these emerging realities, but also the regulation frameworks themselves. In many instances, pharmaceutical companies are legally prohibited from discussing their pricing policies and market access strategies with others that could be perceived to be their competitors. Yet this is what payers and many others expect, especially in situations where drug combinations are being used. As one of the forerunners on combination innovations for multiple myeloma, Celgene is very eager to discuss these sorts of issues with the relevant authorities well in advance so as to mitigate any possible interruptions in market accessibility.

What distinguishes Celgene from its competitors at a time when traditional pharmaceutical companies are increasingly opting to specialize on one or two core therapeutic areas?

Traditional pharma certainly is seemingly trying to emulate some of the larger biopharma and many of the main actors have been consolidating their portfolios. What distinguishes us the most is the amount that we continuously invest in R&D. Last year, our revenue was in excess of USD 9 billion and yet we continue to reinvest 30 per cent of that revenue into R&D, twice the industry average.

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Our success is driven in large part by our pursuit of disruptive innovation for patients. Consider multiple myeloma, where over the past 15 years we significantly invested in advancing transformational therapies for patients with this incurable blood cancer. We continue to invest in ways to improve on this outcome by advancing next-generation products and novel approaches that harness the power of the immune system to fight the disease and prevent it from returning. This approach exemplifies our innovation strategy. We treat the approval of our first therapy for a disease not as the finish line, but rather as the start of an on-going commitment to medical innovation.

We've also performed especially well in terms of our investment choices. REVLIMID® has undeniably been the backbone of much of our revenues to date, but we have placed good choices in terms of investing that revenue, notably with our diversification into inflammation and immunology (I&I). That, in itself, was a bold move that entailed a certain degree of calculated risk and demonstrates that we still maintain that very strong entrepreneurial spirit that is intrinsic to many biotechs.

Celgene has grown enormously over the past five to seven years, more than tripling its internal headcount. With so much change afoot, how do you ensure that this entrepreneurial spirit and very special corporate ethos is not diluted over time?

This is something that is very high on our list of priorities and something that we are very sensitive to both at global and EMEA level. If you deny the risk, then there is a real danger that it might actually happen. We therefore spend a lot of effort endeavoring to sustain the best of our culture and logic of Celgene.

We accomplish this by adopting a comprehensive approach starting from the selection of personnel and ensuring that they share our common values. One of our commonly shared drivers is the desire to make a real difference to patients' lives. I can't think that many Celgene employees would be equally satisfied if we were manufacturing and promoting chewing gum, for instance. As a group, we tend to want to strive to serve a good cause that is impactful in some way to people's lives.

Then there are other aspects that mark us out. We make an effort to empower our staff early on and delegate them with authority to the point that they feel trusted. This has always been a feature of the Celgene culture and something I appreciated myself when rising through the ranks of the company. We also strive to allow people to be themselves as much as possible. When there are signs of bureaucracy hindering people in their work then we address it. Those of us in management also aim to keep an open door and be approachable to the entire Celgene family.

Finally, there is the entrepreneurial vibe that I have mentioned before. What is fascinating to me at Celgene is that we enjoy the best of both worlds. We possess the resources that we need, and the pipeline to grow the business further, but we still retain that crucial entrepreneurial spirit – the conviction that we can get things done – that, to me, is the essence of Celgene.

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