Interview: Dr. Mike Exton – Managing Director, Novartis Taiwan



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Mike Exton, Managing Director at Novartis Taiwan, describes the affiliate's plans to increase collaboration with the government in order to provide Taiwanese patients with a greater access to innovative, life-changing products, while highlighting Novartis' world-class innovation in many critical therapeutic areas, such as heart failure, as well as the skilled Taiwanese talent pool that contributes to make Novartis Taiwan one of the most commercially efficient affiliates of the group.

You became Managing Director in August 2015. What has been some of the main challenges you faced when taking over the helm of the Taiwanese affiliate?

It is the same for all MDs: you are informed your next posting will be Taiwan and you just go. Therefore, the first challenge for me was to learn about the country. I learned that it is a very safe country with a good advanced economy as well as a high-quality education and healthcare system. Somehow, you have a modern Western lifestyle in an Asian country.

From a professional perspective, the biggest challenge was to adapt to Taiwan's operating environment. I thought it was difficult in Australia but here it is incredibly complex, mostly because of a lack of transparency compared to Western countries. For example, they don't have a specific timeline to review the reimbursement of a project. Another hurdle is that the price can be influenced at multiple points. A drug can be paid for by the government, hospitals, pharmacies or even the doctors so it becomes very complex when you are trying to optimize your value because

there are so many touchpoints.

After these first 18 months, what would you highlight as your main achievements?

I think the primary achievement is that we have now obtained access for a couple of our first-in-class launch brands for heart failure, psoriasis and spondaloarthropathies. I am very pleased that we have successfully managed to navigate the complex Taiwanese system to be able to continue to grow our brands. In this regard, the health of the organization for the next five years looks quite good.

What makes me most proud relates to developing people and exporting talents. Here, people are very smart, dedicated and well educated. Over the last five years, international companies have developed a thirst for talent and want people from different countries to increase diversity but I think Taiwan has been a little under-represented. Since I arrived, we have sent at least half a dozen of them to Basel or other international offices. We are really trying to develop a good pathway for many people to explore their careers outside of Taiwan.

Taiwan undoubtedly stands as a rapidly aging society and President Tsai has said that improving long-term care is a priority for the government. Do you feel that the government's focus on long-term care can truly make a difference?

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I think it makes a lot of sense. Clearly, the government has to do something due to the difficulty in how the country can afford to cover complex, evolving healthcare needs. Currently, only 6.6 percent of Taiwan's GDP is spent on health which is pretty low, even by Asian standards. At some point, the question will be: how can we increase the level of GDP that is being spent now?

One option would be increasing taxation but this is not politically palatable. On the hand, increasing co-payments is also unpalatable. Either way, the political difficulty is that the DPP *(Democratic Progressive Party, currently the majority ruling party in Taiwan, e.d.)* is under fire for many things so the political will to try to make a significant change within the healthcare system is not a high priority at the moment.

How would you define Novartis Taiwan's approach to market access and reimbursement and your strategy to navigate all these stakeholders?

Here, even if we are the market leader, we need to communicate the value proposition repetitively to so many different stakeholders. The important thing that we have always done here, and it is

thanks to the team, is to position ourselves as a partner. For example, we have held an event every year for nine years now which brings together superintendents from all of the major hospitals in the country. The theme for this year was digital technologies and how to build a smart hospital. It has nothing to do with Novartis' products as this is where we try to give back to the system and provide solutions and ideas to help them make decisions. We are also working closely with the NHIA and helping to implement a HTA process for the assessment of new innovation, while looking at different ways to deal with this phenomenon of rising costs and aging population.

The other part is to have really good products and true innovation. Most new products allows to treat an illness significantly better than existing drugs and might significantly improve survival rate for a given disease, meaning that you have to pay for that value, but this can be difficult to justify when other drugs cost so little. Therefore, you need to be able to transmit the value of new drugs to government and society through explanation that, for example, with the new drug, fewer people will die, they will be more productive, and won't need to go the hospital as often.

What is your opinion on innovative reimbursement schemes such as pay-for-performance?

There is an interest and a willingness to do that but at the moment, I think the level of recording and data that the Taiwanese system produces would not allow this type of innovative schemes to be implemented. However, typically, companies like us who have good products are very keen to implement this kind of schemes. At the moment, we are operating an outcome-based pricing scheme so I don't think that Taiwan is sophisticated enough yet but we will be there at one point.

Which upcoming products from the Novartis portfolio are you the most excited to launch?

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I am really interested in the new innovation for heart failure because it is the first true advance in 20 years. Heart failure kills more people than any kind cancer, so the burden of disease in incredible. Indeed, if you are diagnosed with heart failure, there is a 50 percent chance that you will die within five years; this new product reduces mortality compared to current standard of care by 20%. It will truly save the lives of many people in Taiwan.

Successfully launching this kind of products can be challenging in Taiwan because it is much more difficult to change the behavior of cardiologists; this area hasn't seen a lot of innovative products and we really need to demonstrate a sense of urgency to them. The last reason is that one of my

daughters has had a cardiac condition since she was born so I am automatically more interested in it.

Given the government's focus on long-term care and your background in neuroscience; is there something specific in this area that you would like Novartis Taiwan to do?

The products Novartis and a couple of other companies offer for Alzheimer's and Parkinson's diseases (Novartis being the only company to have drugs for both diseases) are the strongest products right now so there will not be anything in the next five years or so. Heart failure is also a big problem amongst aging populations so we should be able to provide something at a more holistic level, not only in neuroscience but also in the cardio-metabolic space. Another way to move forward would be to offer a complete coverage of some sort: as opposed to pay-per-pack, the government could start a pay-per-person scheme and give blanket coverage.

Novartis is the largest investor in clinical research in Taiwan. Why is Taiwan so attractive to Novartis?

In Taiwan, the level of clinical care is excellent. They are very knowledgeable and work efficiently. The quality of healthcare being really good; they have very good investigators who are really interested in conducting clinical trials for new drugs. Moreover, they have a pretty transparent system and a dedicated group of people who are very methodical when doing clinical trials so the quality of the clinical search is excellent.

They also recruit very well. A good cardiologist in one of the major hospitals will be able to see 60 patients in one morning; something unheard of anywhere else in the world. In the US, they might see only 10 patients. Therefore, in Taiwan, doctors are exposed to a lot of potential patients who can enroll in clinical trials.

Novartis is also investing to Taiwan at a fundamental level. Last October, the Novartis Venture Fund, an independent venture capital firm of Novartis focused on companies that develop novel therapeutics and platforms, came in the country for the fourth time. For the first time in the world and thanks to the great work of my team which has been working with them for a long time, the Venture Fund picked two emerging R&D-driven companies to mentor. These two companies have then been receiving guidance and advice, essentially pro-bono.

In Taiwan, the venture funds specialized in biotech remain relatively small and the appetite for risk is also limited because these emerging companies still don't have a big portfolio. This also means that any new product or innovation being developed by local biotech companies will require

partnering with an international company at some point of their development path.

In which specific fields would you like to be able to build Novartis Taiwan as a frontrunner within the Novartis ecosystem?

Apart from the fact that Novartis Taiwan is the market leader in the country, the excellence and commercial capabilities are very strong here and I am now focused on ensuring that the Novartis Taiwan operating model is all set up for the next five years. Furthermore, I believe that the external expectations will always increase, especially, in terms of transparency and integrity.

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I think the pharmaceutical industry has reached a significant inflection point in the way we interact with healthcare providers. We need to ensure that the promotion of our products is done with the highest ethical standard and is based on scientific and medical exchange and debate I am completely focused on ensuring that my commercial teams are the experts in whatever products they have to sell, I want them to know how to debate and convince their audience appropriately, using evidence-based discussion and not persuasion tools.

If we come back in 2020, what are the objectives you would like to have achieved?

Essentially, I would expect the portfolio to be transformed. Our dependence on some older legacy brands would be gone and the products we are launching now will be the focus of the company and the real growth drivers. I want the company to continue export talents and see it as a place where good people come from; this is very important to me. Finally, ideally, I would like to see a Taiwanese Managing Director at the helm because usually it is always an expatriate, but, now, everything is set up for a local leader.

What would you like our readers to see as Novartis’ contribution to the Taiwanese innovation ecosystem?

At the end of the day, it is just about improving the health of local people. We can contribute in offering medicines, access and programs for people to be healthier and live stronger. That has always been the best part and that is why we chose pharmaceuticals and not some other industry: even if we are doing business, we are extremely proud to make a difference in the lives of our patients.

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