Frédéric Collet – President Novartis France and General Manager Oncology

In terms of research, we have invested EUR 100 million to conduct 100-150 clinical trials a year, including 4,000 patients, with a particular focus on early-phase oncology

16.01.2019

Tags: France, Oncology, Cancer, Novartis, Manufacturing, Research, Innovation

Frédéric Collet, president Novartis France and general manager oncology explains the rationale behind Novartis's consistent investment in France, the current shift in the company's corporate culture and the main challenges inherent to the unprecedented wave of innovation that is revolutionizing the health industry.

The year 2019 will constitute the end of a five-year investment plan for Novartis in France, encapsulating new headquarters, manufacturing and R&D. What is the state of

play of this investment?

We have completed the first wave of investment – of between EUR 900 million (USD 1.025 billion) and EUR 1 billion (USD 1.14 billion) – which targeted not only the industrial but also the research and operational/commercial side of our business. We have increased the capacity of the Huningue plant by 60 percent for the production of monoclonal antibodies to reach a volume of 6 million vials per year (80 percent for export). This will ultimately create an additional 100 jobs on top of the 500+ current jobs. In terms of research, we have invested EUR 100 million to conduct 100-150 clinical trials a year, including 4,000 patients, with a particular focus on early-phase oncology. We are also strengthening the research capacity carried out by our team of 70-100 people at the Novartis Institute for Biomedical Research in Paris. Finally, we will be moving to new offices in Rueil-Malmaison in the Western suburbs of Paris in 2019. This is clearly more than just a move, it is a fundamental commitment to the country and a way of leveraging Novartis's new corporate culture. These measures constitute the first wave.

The second wave is related to some attractive French assets that we are willing to value and leverage. It was initiated by the acquisition of the French cancer specialist, AAA, for a sum of USD 3.9 billion in recognition of the scientific attractiveness of this area. Over the past year, we have also signed a specific agreement with CELLforCURE to manufacture CAR-T cell therapies in France and we just announced in December our willingness to acquire the laboratory.

What was the rationale behind this big-ticket infrastructure investment and how is that related to the unicity of the French ecosystem?

France is often described as "different", but I insist on the fact that France is not different; we have our specificities like every other country and we need to value what makes it attractive. My role is to find the best possible match between the specificities of my country and those of my group. This investment reflects Novartis' uniqueness in France as a comprehensive commercial, research and industrial player. Indeed, Novartis, Sandoz and Alcon provide a complete commercial footprint in France. Secondly, we have a strong presence in manufacturing and in clinical trials. Thirdly, we are not only involved in the cutting-edge side of pharma — as shown by our innovative cancer therapies — but we also have a transversal understanding of the drug life cycle and of mature products, as shown by Sandoz's activity in generics and biosimilars. France is Novartis' fourth market (after the USA, Germany and Japan) and we are the largest pharma player in the country.

What have been the biggest challenges so far for the company, especially in terms of innovation and market access?

We live in unprecedented times. In 2000, there were 1,500 Phase 1 and Phase 2 trials over the world, there are now more than 4,500. The number of FDA approvals has increased by 40 percent in the last few years. Even our approach to cancer has changed: when I joined Novartis, everybody was talking about immunotherapy and targeted therapies; now it is all about gene, cell and nuclear therapies. On top of that, we are in the midst of a digital revolution, which is changing our approach to the whole life cycle of drug development and performance management, transforming research, the patient pathway and medical effectiveness.

This wave of innovation is absolutely unprecedented and exceptional. The three challenges that we have to address now are how to further accelerate these trends, how to adopt these new technologies, and how to make all of this available to patients in conditions that are acceptable to society at large. Innovation is not only about science, but also about patient access to treatments.

How will innovations like gene therapy and nuclear medicine, revolutionize the whole industry taxonomy?

As Gene therapies, Nuclear therapies have a very significant transformative capacity. They will shift the paradigm of the value chain and we will need to completely modify the way in which patients gain access to their treatments. This year I met with hospital pharmacists who described how these new treatments must be managed within the hospital environment and subject to strict tracking and monitoring. In practice, blood will be drawn from the patient, sent to another centre for treatment and brought back, all within a very short timeframe. This procedure obviously needs to be carefully monitored. Both the therapy and the way it is delivered to the patient clearly represent a revolution.

Do you think that the French overall ecosystem and healthcare authorities have the capacity to absorb this level of innovation?

I believe so. In France, we have a highly respected medical and research environment and a specific ecosystem that integrates manufacturing, research and medical practice. Moreover, a number of specific mechanisms allow early access to innovative treatments. One example is the ATU, the Temporary Authorization of Use mechanism, which, although in need of adjustment, is an

excellent tool that needs to be protected and further improved. The 8th edition of the Strategic Council of Health Industries (CSIS) which took place last July, gave a very positive signal in acknowledging the need to combine innovation, clinical trials and economic attractiveness. We need to ensure access to innovation and improve the clinical trial environment as a fundamental part of improving the patient pathway.

At the same time, we need to make France economically attractive for innovators. Over the past ten years, the pharma sector's growth has been restricted by a number of counter-productive measures. This needs to change; growth opportunities must be seized. Drugs represent only 15 percent of annual social security spending, and cancer only 2 percent, while the industry is contributing to over 50 percent of the total annual social security savings. The CSIS has sent a clear signal of French government commitment to work with the industry to further strengthen country effectiveness through innovation access and economic attractiveness. We need to be all committed to its success, to protect what is specific to France, like fair patient access to therapies, and at the same time find innovative solutions to patient access. President Emmanuel Macron has shown that he is keen on measuring and tracking performance over time. It is a long journey, but we have already had some encouraging results: according to a survey presented by IPSOS, in 2014 France's attractiveness to international companies was rated at 23 percent; last year it was 60 percent and this year it is 74 percent. A similar study has been released by E&Y: I am delighted to see France's attractiveness increasing in the eyes of potential investors and beyond some setbacks, I remain committed to work to further expand our local attractiveness.

How did you manage to implement the cultural shift and what are the main challenges you encountered in this major change?

Our cultural change started a few years ago and stemmed from an employee survey about quality of life at work after a period of major organizational changes. We wanted to know more about the beliefs and expectations of our employees. What we learnt went far beyond quality of life in the workplace. Our employees wanted empowerment, autonomy, collaboration, coherence and communication. Following this, instead of imposing a formal top-down process to force cultural change, we gave our employees the freedom to address the issues they considered important, providing them with appropriate support and resources. In a nutshell, it was a bottom-up cultural change… much needed in the innovative environment we are navigating. On one hand, it was a pre-requisite to enhancing our attractiveness in terms of talent recruitment, as the new generation expects to work for companies that provide freedom, recognition, autonomy and that enjoy a

strong and positive reputation. On the other hand, we focus on freeing energy in the working environment to eliminate ‘fear of failure’, an obstacle to creative thinking, efficient processing and successful communication.

What is your vision and what are your key strategic priorities for Novartis in France?

This is a unique moment for France, and Novartis is a unique player. Our mission is to re-imagine medicine. In accordance with the vision of our CEO, Vas Narasimhan, our priority is to use science, digital technologies and culture to completely transform the healthcare sector. First, we need to relentlessly work on accelerated and fair patient access to innovation, secondly we consider France a very attractive place for digital development, especially with its ‘Health Data Hub’ initiative, announced during the CSIS, and we are willing to leverage the exceptional resources of the national health database and rather exceptional ecosystem of talents. Finally, we are engaged in a fundamental cultural transformation and our new headquarters is an exceptional tool to make it tangible to our associates every day. It will allow people to work closely together, freeing up innovative energy within the organization. The new site will be an enabler and catalyst of our new culture in terms of co-creation and pollination of ideas.

What kind of talents are you planning to recruit in the future?

I have spent almost half of my career in the FMCG sector occupying various positions in different divisions and different countries. I am not a pure pharma person nor am I a scientist. This helps me to value diversity in all its forms as a strength to further leverage. We are developing various initiatives internally and with external partners to facilitate more diverse pathways and get our company to play its role fully.

What would be some of the pieces of advice you would give to an incoming general manager of a pharmaceutical company in France?

There are three key ingredients. The first one is to understand and leverage France’s potential within the current momentum and to commit to supporting the actual implementation of the changes announced in the last few months. The second one is to ignore those who relentlessly complain about France being “different” or “more complex” than other countries but relentlessly fight to accelerate all that is done to make the country attractive to give patient access to new

treatment. The third one is to accelerate diverse experience in our teams and to leverage diversity, in particular with foreign talents, as the French could tend to remain among themselves, and we need to bring talents in from outside.

See more interviews