Ingrid Zhang – President, Novartis Pharmaceuticals China



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21.05.2019

Tags: China, Innovation, Novartis, Strategy

Ingrid Zhang, president of Novartis Pharmaceuticals China, shares the transformation of Novartis China in the past two years in line with the global Novartis vision; their aspiration to become a powerhouse for bringing innovative products to China and to develop talents; their commitment to working with various stakeholders to promote better patient outcomes; her aspirations for flagship products ENTRESTO® and COSENTYX®; and her mission to develop Novartis China further as one of the most respected and 'unbossed' companies in China.

Ingrid, in the past year since Vas Narasimhan became CEO, we have seen a fresher version of Novartis: the spin-off of Alcon, reorganization of Sandoz with a new CEO, reimagining Novartis as a diversified medicines company with a strong focus on digital capabilities. In light of these, how do you see your responsibilities and mandate within the organization as President of Novartis Pharmaceuticals China?

Novartis has become a much more focused company. The first point is that this allows us to bring more of that transformational innovation that we at Novartis are so proud of. How that has played out in China is that it allows us to accelerate the development and delivery of innovation here, at a time when the regulatory environment is improving so quickly. We are seeing many examples of this in China, which is super exciting. The dragon has truly awakened.

China is the second biggest pharma market in the world today. But what is really interesting is that the innovation piece is going to become much more significant. All these regulatory changes are allowing us to bring innovative medicines much faster to China. Novartis has been present in China for the last three decades, during which we launched about 62 medicines (including different indications). In the last two years alone, we have launched 15 – and over the next five years, we expect to launch another 32. Our most recent launch, COSENTYX®, a key growth driver for Novartis globally, was approved in China in just six months, a huge improvement in terms of the regulatory timeline lag. Not only are we now encouraged to join global Phase III studies, but our dossiers are also being processed and approved much faster. For some rare diseases, the government has even set the target of three months for approval! We can now also use global clinical data for China NDA filings for products for rare diseases, as Chinese patient data may not be required before NDA approval, which is really revolutionary.

The second point is that this focus allows us to not only bring innovations to China but also maximize access as well as outcomes so that patients can truly benefit. Great inventions may or may not have a significant impact on human society. We also need to see access, adoption and impact. Novartis has been voted as one of the 50 companies that have really changed the world. This not only reflects the innovativeness of our medicines but also our commitment to ensuring that our medicines truly benefit patients. Today, China has come a very long way in terms of reimbursement, with several rounds of updates to the National Reimbursement Drug List (NRDL) having been completed in the past two years alone. This provides a pathway to lessen the affordability barriers in a country where the GDP per capita is still rather low and out-of-pocket drug costs – at around a third of the OECD average – for patients are still quite significant.

As a company, we also need to work with the relevant stakeholders to further accelerate accessibility. Reimbursement alone is not enough. We have to make sure patients can obtain the medicines, their out-of-pocket drug expenses are reasonable, and that they are taking their medicines properly so they can truly see the impact.

The third point is that it allows us to really build our corporate culture and develop talents. We have a strong team and great talents here in China and we want to continue to foster them. That is really fundamental. We need to unleash the power of people so we can unleash the power of our medicines.

Regarding your first point, the innovation piece, when you returned to Novartis China in 2017, how well did you feel that the organization was prepared for this growing demand for and access to innovation?

In 2017, I returned to China after two years spent abroad as the general manager of Novartis Poland but prior to that, I had worked in China for a long time. When I returned, it was about refamiliarizing myself with the external environment.

Where I think the organization has prepared really well is in terms of research and development, which has always been a core strength of Novartis. Our beautiful Novartis Shanghai campus houses one of our biggest early research centres and 700 scientists work here. It is one of the top three research centres for Novartis globally and they are focusing on more Asian diseases, such as liver-specific diseases, which have actually advanced out of the lab here and into humans.

The development organization has also been quite strategic about China's participation. Using the example of ENTRESTO®, which is a wonderful medicine for heart failure, Novartis started the landmark PARADIGM-HF study in 2009, enrolling over 8000 patients globally, evaluating not only hospitalization but mortality and morbidities. China was able to participate in global Phase 3 studies, contributing over 300 patients to the global pool, despite a late start. As a result, we were able to use that data along with our global data to file for approval, which we obtained at the end of 2017, after just a short lag compared with our U.S. and European counterparts. This reflects the fact that our organization is very well-prepared to bring innovations to China. It has always been our strategy to join global Phase 3 studies, which facilitates early launches.

Secondly, our organization is very committed to maximizing all kinds of opportunities to develop our people. I am a prime example of someone that has taken on different roles in China as well as globally. Some of our finance associates were CFOs of other leading affiliates and some of our HR associates are also playing really important roles globally. We also regularly organize short-term rotations, both within and across functions.

Since my return, the pace of change has accelerated. I am very proud of our achievements and remain dedicated to working on turning Novartis China into an innovation powerhouse and a launch machine. As I mentioned, in 2017 and 2018 alone, we received 15 approvals. This means that we have to rapidly come up to speed about key market insights to be good at launching quickly as well as patient access. In 2017, we manage to list all of our new products on the NRDL, which also shows the strength of our innovation and the great work the organization has done.

Your most recent product approval was COSENTYX ® in April 2019, which was the second-bestselling innovative product for Novartis globally in 2018. Can we expect the same success for COSENTYX® here in China – and how?

ENTRESTO and COSENTYX are two of the biggest drivers in Novartis Pharma, expected to contribute to over half of our growth globally over the next three to five years. I absolutely expect them to be top-selling products for China as well. Taking COSENTYX® as an example, which has multiple indications, today we have the indication of moderate to severe psoriasis approved. China has about six million patients for this indication, of which about two-thirds are not happy with their current therapies. Unfortunately, about one-third of them have had suicidal attempts as a result of their conditions. This is not just a simple skin disease, it is a debilitating disease with a significant burden on patients and their families.

As part of the product launch process, we have organized a number of patient focus group. We have heard some incredibly impactful statements from patients about the impact the disease has had on them. One patient essentially said that she was willing to exchange ten years of her life for a cure for the disease. Many of the patients have been living with the disease for over ten years. Another patient, who is a father, said his dream is to be able to go to the beach with his son. He also shared some of his difficult experiences with all kinds of therapies and treatments he has tried in his attempts to alleviate the symptoms. It is really important that we understand that psoriasis is not just a skin disease, but a condition that causes serious issues for patients in their personal and professional lives. This human impact is why I am really excited to bring this medicine to China to help these patients unleash their potential.

In the past, the Chinese market was dominated by more mature products. Therefore, in the adoption of new therapies, especially biologics, we need quite a bit of work. We also need to partner with others, whether associations, physicians, patient groups and families to increase awareness and the diagnosis rate, and help them to demystify the diseases. Affordability, of course, is a big concern as well so we also need to work with the right stakeholders on this issue.

Historically, you have also had a strong presence in ophthalmology. Moving forward, will this continue to be an important area of focus for China?

This is another area that I am really proud of. We are the biggest player in ophthalmology in China, across a number of different areas like retinal diseases, glaucoma and infectious diseases. Our commitment in this area is firm for a number of reasons.

Firstly, eye diseases often impact the older population more significantly. China is, unfortunately, an ageing society. The number of people aged 65 and above is rapidly increasing. In addition, vision is something that people truly value. In patient surveys about their health concerns, issues like cancer and death are naturally at the top but the next is the loss of sight. People want to maintain their sight.

We have some very exciting new products in the pipeline, such as a new anti-VEGF treatment for neovascular age-related macular degeneration (nAMD) that should receive approval in the U.S. very soon. We also have an innovative eye drop in Phase II clinical trials for the treatment of presbyopia, which impacts many people. This product would eliminate the need for them to wear glasses.

In addition to our commitment to bringing various innovations to China, we are also committed to working with ophthalmologists, associations and medical societies. We work with the entire ecosystem to provide better education and training, which ultimately improves diagnosis, treatment and patient outcomes. Not only have we invested in working with leading centres of excellence, especially in terms of helping to set standards for physician training, we have also gone to counties and more remote areas to work with general ophthalmologists and help build their skill sets. We have been with the ophthalmology societies every step of the way to grow together.

What an exciting time for Novartis China! With your recent spate of launches and a strong portfolio but also foreseeing the 32 new indications and products to be launched in the next five years, how do you manage the important and longer-term priorities of new product launches with the urgent and short-term needs of the current portfolio?

Indeed, that is the challenge for GMs in general. I think prioritization is critically important. We are not able to do everything. From a portfolio perspective, in China, what has dominated has been the more established, classic brands. But the future will be different. At Novartis, we have made the decision to start to invest earlier, given the speed of new launches, especially from the medical perspective. This means working with medical societies to evaluate the unmet needs in China and what we can work on, how do we set up guidelines ahead of time, and so on. It is fundamentally important that we start to prepare early, which means really evaluating how we prioritize our resources.

I also want to reiterate the importance of ENTRESTO® and COSENTYX® to our future. Looking at China’s regulatory reform, we expect to see increasing pricing and volume pressures, especially for

more established medicines, given the direction the government is moving in, with initiatives like GQCE and the '4+7 volume-based joint procurement' policy. That is inevitable. But what is really exciting and attractive about China is that it will become much more of an innovation market.

Earlier this year at the China Development Forum, your CEO Vas Narasimham mentioned that China is now looking more and more like a developed market. At the same time, the challenges and realities on the ground in China are still markedly different from, say, the U.S. and the EU 5 countries. How do you maximize the potential of Novartis China while also managing expectations at HQ?

What is indisputable is that China will become a developed market in the future so the crux is really how to manage the transition. Novartis as a global organization is taking a very strategic approach. Our global innovative pipeline expects to produce 11 products in the next three years so, in markets like the US and Europe, those innovations will continue to drive growth for the organization. This gives us some headroom if you will.

In the last two years, having anticipated the changing regulatory and especially reimbursement environment, we had already started investing in innovative products, expanding our footprint and facilitating faster product launches. This allows us to essentially drive growth at all levels. I see that right now, we are at an inflexion point. ENTRESTO® and COSENTYX® are now both available. They are not our top-sellers at the moment but they are seeing a good performance, which gives us the space to grow. From a portfolio transition perspective, we are on the right track.

China has already been recognized as one of the most important growth drivers for Novartis for the next three to five years. That provides me with the platform to work with my global counterparts, especially on the development and regulatory sides, on further accelerating innovation. I have already explained that we have participated in many of Novartis' global Phase III studies. Today, our aspiration is simultaneous approval and launch, which I firmly believe will happen.

In the future, we might even see China become the first country to approve an innovative drug, especially in some of the China-relevant diseases. For instance, at Novartis R&D centre in China, one of the major research programs is focused on liver disease, such as NASH, a prevalent disease currently without approved treatments, and China expects to contribute an increasing percentage of the global burden. That could be an area where we hope to drive innovation to benefit patients in China and globally.

Digitalization is a key priority for Novartis. This is an area where China truly leads the world so how can Novartis China leverage on this?

We are at a great period of time to tap into digital transformation and incorporate that into our organization. China is highly digitalized in a very unique sense with the advancement of mobile technology as well as the availability of huge technology platforms – essentially the so-called ‘BAT’, which stands for Baidu, Alibaba and Tencent, the three Chinese tech giants. For Novartis, we approach the ‘digital’ aspect from both an internal perspective as well as an external perspective.

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Internally, we want to see how we can help our organization run more efficiently. For instance, we have launched a new pilot program to empower our medical reps with digital tools that function almost like a digital personal assistant. Every day, the reps might receive several recommendations to help them better target their physicians and to be more effective in their interactions. We started last year with about 50 reps and since January 2019, we have rolled it out to about 500 reps, and we hope to reach 1,500 by the end of 2019. This is what we call ‘China speed’! Even our U.S. colleagues have asked us how we have managed to implement such programs at such a rapid pace. We are now also working to integrate more data sources to make this digital tool smarter. The purpose here is absolutely not to replace reps but to empower them.

Externally, we have been looking at how to work with different stakeholders within the ecosystem. Recently, we signed an MOU with Tencent. Our collaboration in the past has focused on the use of QR code scans to provide patients with more relevant and specific information at the point of usage. The next step is using artificial intelligence and Big Data to help create tools that can support patients on disease management. Certainly, we hope that once such initiatives have been piloted and rolled out in China, we can share them with other countries!

Coming to your third focus about unleashing the power of your people, we see that Novartis CEO Vas Narasimhan has introduced this interesting concept of ‘unbossed’. How does this fit within the China context?

Vas has actually explained to us that the concept of ‘unbossed’ was actually an inspiration from the Tao Te Ching, a Chinese classic text, so this concept has Chinese roots!

Since Vas became our CEO, our culture focuses on three things: inspired, curious and ‘unbossed’. ‘Inspired’ means thinking about my impact and the work I do. From a macro standpoint, it is about benefitting patients, but from a micro standpoint, it is about making team contributions.

‘Curious’ is about my own learnings. With the rapidly changing environment, it is about every associate taking in learnings and experiences in order to improve. Learning is a continuous journey.

As for ‘unbossed’, it may not be a common term but it is about helping yourself to become a better leader, whether you manage a team or just yourself. As President, my role is actually to help my people do better work. This means empowering the team instead of being a micromanager. At the same time, we also have to strengthen accountability as well. Particularly within the China setting, associates want to make contributions and be valued within the organization, and even more so if we talk about millennials. It is important for us to equip them with the right tools, clarify the expectations and then give them the space to achieve.

This is definitely a journey, for the organization as well as for the individual, including me. Culture change does not happen overnight. Studies have shown that it takes about 30 percent of the organization. Certainly, the role of the leadership team is very important but we also need to introduce symbols and stories, as well as a number of key interventions. There is also an individual journey as well, for everyone, including me.

As part of these efforts, Novartis really values inclusion and diversity. Across the entire company, over half of the associates are women. In my China leadership team, over 60 percent are women. Of course, gender is just one aspect of being inclusive. For instance, we are also going to introduce 14 weeks of paternity leave, which also helps to avoid putting all of the childcare burdens on the shoulder of the new mother.

When we met Hong Chow from Roche China, she mentioned the importance of having more Chinese voices & people with China experience participate in global decision-making. How will the rise of China reshape the global pharmaceutical industry?

From a personal perspective, I grew up in China, did my education in the U.S, and then worked in the U.S. starting with McKinsey before moving to Italy, then returning to China for a while, with some time spent in Central and Eastern Europe. This has really broadened my perspective and was

an incredible experience for my personal growth.

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From a Novartis perspective, we are trying to help individual talents find the right pathways. This can be more complicated than it seems because mobility also comes with some costs. We are learning that short-term assignments help, as well as starting early in one's career, along with initiatives like paternity leave. Also, having different geographic experiences is one thing but some people are also interested in having different functional experience. We see it as building blocks for the individual's development.

Not only do we work to send our people abroad, but we also bring in expats. Today, people with that China experience are running one of our global brands, a cluster of countries and so on – all great examples of the mobility within the Novartis organization. I have expats on my team currently and we benefit from their global perspectives. I also hope that they will bring their China perspectives back with them when they move on to a different role. As China becomes more important, people with China backgrounds and China experience will also become critically important. Today, China has many features of an emerging market – like rapid growth, high out-of-pocket expenditures and so on – but the innovation piece is growing. We have the best of both worlds!

We have a great track record of bringing people to China and helping them achieve success and looking ahead, we want to further take China talents out on the global stage.

What is your vision for Novartis China in the next three to five years?

Thinking about Novartis China in the next three to five years, I aspire to see Novartis become one of the most respected companies in China, a leader in our disease areas, a trusted partner for our stakeholders in the whole ecosystem, and a powerhouse for growing talents and driving innovations.

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