Philipp Maerz – Head of Northern Cluster & GM Norway, Merck

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Philipp Maerz, the recently appointed head of Merck's Nordic and Baltic operations and GM for Norway, outlines the challenges of taking on a new management role in the midst of a global pandemic, the innovation-friendliness of the markets under his remit, and his strategy for the cluster.

As a recent arrival in Norway, can you talk us through your career trajectory and the decision to take on this new role?

My background is in business administration and finance, having studied in Munich, Germany and at the University of California, Berkeley in the USA. I first joined Merck 11 years ago at the headquarters in Darmstadt, Germany as part of the M&A team, where I spent three years. This served as a great introduction to the Merck group, working with all of the company's divisions. I was heavily involved with the acquisition of Millipore, which was the start of the life science business of Merck as it is today.

Seven and a half years ago, I was given the opportunity to join Allergopharma, a company that develops, produces and markets allergen-specific immunotherapy treatments and which Merck had been invested in for many decades but did not have operational management control of. I joined as one of the first Merck people in the company after the retirement of the founder at that time with

responsibility for building up the firm’s business development strategy and international operations. During my time at Allergopharma, we opened operations and expanded in Spain, India and China, which all developed very well.

I then moved to head Allergopharma’s global commercial operations before becoming CEO at the beginning of 2019. Allergopharma was not integrated into the Merck group, so as CEO I had responsibility for the full breadth of the business including commercial operations, production with the new aseptic manufacturing facility in Hamburg, and R&D.

Since 2007, Merck has made acquisitions and divestments to transform into a leading science and technology company with an even stronger focus on the Healthcare business and the development of innovative medicines for the unmet medical needs of patients with difficult-to-treat diseases. Allergy immunotherapy does not really fit into Merck’s redefined strategic therapeutic areas. I ran the divestment process of Allergopharma as CEO and the transaction closed at the end of March 2020 with the divestment to Dermapharm, a German mid-cap.

Following this, I landed in my new role in Merck’s biopharma business as the general manager for Norway with responsibility for the Nordic and Baltic countries: Sweden, Finland, Denmark, Lithuania, Latvia, and Estonia.

It can be difficult to move from technical and task-oriented departments like finance to more general managerial roles. How challenging have you found that switch and what excited you about it?

I have been in more transaction-oriented roles for ten years, having started out in advisory working for General Electric in London and then back in Germany with Merck. These roles have never been pure finance, but more about project management and interaction with many functions.

In terms of what excited me, I was keen to get involved with the long-term aspect of running a business as a whole. When working in M&A, you oversee a transaction, then step back or hand over control. However, I wanted to take on that decision-making responsibility and be able to follow through and see the impact.

You grow into these roles. One of my strengths is engaging people; this is something we did at Allergopharma which went through particularly challenging times, especially in terms of cultural change. The company culture was a bit ‘old school’, with a more hierarchical management style. We spent seven years transforming Allergopharma into a state-of-the-art pharma company and

saw increased engagement levels across all employees despite a lot of changes and reorganisations amid the divestment process in the final year.

I take a lot of strength from working with people, motivating and inspiring them to go the extra mile. Pharma has been undergoing a sea-change that will perhaps be accelerated even further by the COVID-19 pandemic involving the transition from a traditional face-to-face sales model to a new multichannel setup. Against this backdrop, it is crucial that managers give guidance, inspiration and motivation to their teams. That is what attracted me and is what I have been successful doing in the past.

Why has Merck chosen Norway as its hub for the Nordic and Baltic countries and what is the logic of grouping these seven countries together?

My predecessor was responsible for the Nordic countries as well as the Netherlands before she moved on to a global role with Merck's biopharma division. As she was based here in Oslo, I took over that same position as GM Norway plus cluster head.

The cluster has been a bit reshuffled with my appointment. Previously the Nordics were grouped together with the Netherlands, which is now together with Belgium and Luxembourg. We have added the Baltic states, which were previously together with Poland. This makes sense geographically – it is about an hour's boat ride from Estonia to Finland for examples – but also scientifically. The Baltics have always collaborated closely with the Nordics.

From a portfolio perspective, all of the countries in this cluster are innovation-oriented and have been receptive to new Merck innovations such as MAVENCLAD® for multiple sclerosis (MS). These countries are also synchronised from a timing perspective for our innovations in oncology. In other regions of Europe, Merck's existing products and franchises play a greater role in overall revenues.

The cluster has around 100 employees and serves a patient population of around 34 million, making it a significant cluster in Europe for Merck both in terms of size and for the strategic shift from legacy products to new innovations.

Normally, a new cluster manager would spend the first few weeks in the job visiting the countries under their remit. With COVID-19 restricting your ability to do so, what have been your priorities and items at the top of your agenda in these important first few

weeks?

Visiting these countries and our teams there is a must at some point. I strongly believe that if you want to drive a market and develop it, you need to be there for some time and meet the people, not only employees but the healthcare practitioners (HCPs), patients, and patient organisations as well. This is something I have always done, for example when building Allergopharma's business in India, and cannot be done remotely from a desk. Once the situation improves, I will definitely be visiting these markets.

We are instead in close and frequent communication using digital tools. I find that this works very well. For example, we are having workshops with our 'Northern leadership' team which is all the country managers of the region, as well as the heads of finance, HR and medical to interact and align on areas of focus and priorities for the cluster.

Obviously, our immuno-oncology treatments are high on the agenda, as we are in the middle of the launch phase, and this will continue into 2021. We also want to continue driving our MAVENCLAD® business, where there is still a lot of work to do in terms of interaction with the authorities on reimbursement.

In terms of managing the countries within the Nordics and Baltics cluster, what challenges are there in creating one inclusive culture and ensuring that voices get heard both from countries like Sweden and Denmark that have a historically stronger life sciences footprint and other, perhaps, quieter markets?

Culture eats strategy for breakfast – you can have the best strategy but if you do not work with the right culture or adjust to the culture, it will not work. That is particularly true for clusters that contain different cultures. There is going to be a lot of emphasis on making sure that, despite all the cultural differences that we have in the cluster, we are fully aligned and take everyone on board moving forward. That is central to my leadership approach – making sure that the people know why we are taking certain decisions and why we are focusing on certain areas. If people know the 'why', they become more engaged to get things done.

Balancing the different cultures within the Nordics and Baltics cluster will be key. We will have to give a platform to countries where the culture is more hesitant or quiet to speak up and share their ideas.

How can Norway leverage the more established life sciences footprint in neighbouring Denmark and Sweden?

This is something that we need to make use of. Our colleagues in Denmark under GM Enrique Alvarez have been advocating for our participation in the 'Trial Nation' initiative, a public-private partnership to drive clinical trials in Denmark so that pharma companies use the great infrastructure of clinical trials centres that exists there. This is something that is interesting for the whole region. Together we are trying to publicise our attractiveness and bring more clinical trials to that region. We have all the building blocks to be a fantastic international clinical trials hub, from high quality clinics to great hospitals and study centres, as well as appropriate patient populations. Norway could be doing more in clinical trials which are important for familiarising HCPs with new products. Without this familiarisation, the market access process becomes more difficult.

How is Merck regarded by stakeholders in Norway?

Merck has a strong standing in the Norwegian pharma industry generally, but especially in our key indications. We are one of, if not *the* most active player in this field and have a great network across the scientific community. The team has done an amazing job here already to get Merck on the radar and we are now doubling down on disease awareness and patient programs. For example, the 'Challenge Your Brain' initiative in collaboration with world chess champion Magnus Carlsen was rolled out in March 2020 to promote brain health and keeping an active brain. We take corporate social responsibility and position Merck as the vibrant and active life science company that we are.

In terms of oncology, an area of focus for Norway as a whole through several clusters, is Merck's position well recognised or will extra work need to be undertaken on awareness?

There has been a lot of improvement in awareness of Merck's oncology portfolio, particularly in the scientific field. We cooperate for example with the Oslo Cancer Cluster. We believe in cooperation and partnerships; to work As One for Patients. Merck presented some very exciting clinical data on urethral cancer (UC) at the American Society for Clinical Oncology (ASCO) earlier this year which resonated strongly in Norway as there is a strong medical need in that indication. Our reputation in oncology is growing step by step with more products and indications coming online and more

clinical data being published.

There is clearly still a way to go, as always. Oncology is a very active clinical field right now with so much movement and innovation. Particularly here in Norway, our focus is on increasing participation in clinical trials and making use of the country's cancer registries, which resonates very well with the scientific community.

Norway has long embraced digitalisation, partly because of the size of the country, and now stands as something of a digital frontrunner in Europe. How can you leverage this in these times of teleconferencing and remote working?

All over the world, digitalisation got a push from the COVID situation, but thinking back to the physicians we worked with at Allergopharma in Germany, the digitalisation rate was pretty low and there was a lot of hesitancy. Now, these physicians have been forced to work more digitally and large conferences have been switched to virtual. However, looking at the community here in Norway, these tools are much more embedded, accepted and mainstream already. This makes it easier to conduct advisory boards virtually and still have good discussions and outcomes.

There are still challenges, such as the fact that each hospital is working with a different IT infrastructure that is not always compatible with what we are using. That leads to situations where the system cannot be made to work and things need to be postponed, but this is a struggle everyone has faced in the last few months.

In 2018, Merck underwent a major rebranding with the aim of positioning itself as a vibrant, modern science and technology company. How do you ensure that this is transferred to your employees and capitalised on to attract talent?

Merck has done a great job in repositioning the brand. When I joined in 2009 Merck had a very different company culture, whereas Merck today, from a brand perspective, is vibrant, colourful and innovation driven, with curiosity at its core. However, changing colours and logos is easy – what is more important is that the culture follows and that the brand can be brought to life. What Merck has done in an amazing way, and I have followed that journey over the past 11 years, is that people actually live it. It is embedded in the way we work – staying curious, challenging ourselves, always thinking ahead, being creative and innovative, and focusing on technology and innovation. This is already embedded in our organisation and we are continuing to work on this, for example

with some internal events in the next few months such as a “brain lab”.

As senior leaders in the organisation, we encourage and actively participate in these initiatives; you need to walk the talk if you actually want to stay curious.

With this fresh technological mindset, are tech acquisitions in the region on your radar?

Merck has been successful in shaping its portfolio by acquisition and divestments, particularily on the life science side with Millipore and Sigma-Aldrich and recently on the performance materials side with Versum Materials. We have a strong pipeline in pharma which we need to deliver on, so there will be quite a few launches coming in our core franchises of neurology and oncology in the coming years – that is clearly the focus.

What are the major opportunities and challenges in your region today?

There are a lot of exciting things happening, particularly in Denmark which is a really early access country for innovative medicines. Denmark and Sweden will be important countries for the launch of our immuno-oncology drug Bavencio®. This is an area that needs work in Norway; to explain to politicians, the Norwegian Medicines Agency and other stakeholders why meeting evidence requirements is more difficult today then it was before due to the characteristics of personalized medicine. If we do not find a way to assess the value of the modern therapy it will keep on prolonging reimbursement discussions and delay access to innovative treatments for patients. Norway is an innovative country and has a high level of spending on healthcare, but there is still a very strong price pressure in pharma and Norway lags behind countries like Denmark, Sweden and Germany in speed of market access.

What are you most excited about?

For the cluster as a whole, the most exciting things are the oncology launches and driving our neurology and MS franchises. In the region we also have a strong position in fertility which we should not forget.

For me personally, getting into the different cultures here in the region and getting to know the team – hopefully at some point in person – is also exciting. Finally, on a very personal level, I am looking forward to continuing my Norwegian lessons so that I can have a conversation in

Norwegian at some point and for winter to come so that I can go skiing here!

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