

Although the public at large may ignore it, the pharmaceutical industry is at a turning point. The curtain is rapidly coming down on the age of the blockbuster drugs developed to cure common medical problems. In the last few years, the fact that many patents of blockbuster drugs were all expiring at the same time caused a sharp decline in revenues; so much so, that in the Anglo-Saxon world it became uncharitably known as a "patent cliff".

This might seem a purely commercial issue, but things aren't as simple as they seem. In the first place, pharmaceuticals is a pillar of European industry, contributing almost €50 billion to the EU trade surplus, and almost €30 billion to investments in R&D. Its fate will affect roughly 700,000 jobs in Europe, of which more than 150,000 in the R&D sector alone, without counting the ancillary sector. But that's not all. The decline of blockbusters paves the way for a new and complex transition towards a historical paradigm shift, which will revolutionise healthcare in the future. This is the beginning of the end

of an age when a drug was considered merely as a *product* by both the industrial business model and the healthcare organisational model. The frontier of research has now shifted to the almost virgin territory of personalised therapies, i.e., drugs addressing the needs of a limited sub-population of patients, identified through diagnostic systems. Schroeckenfuchs rightly reminds us that the future of the industry no longer depends on the launch of new *products* for a large number of patients; instead, it aspires to provide *therapeutic solutions*, tailor-made for their needs.

Obviously, this revolution towards personalised medicine is a challenge for public healthcare systems: they have to adapt to this change if they want to maintain the universalistic nature of their services. It's increasingly urgent to move beyond the way healthcare costs are managed based on individual input costs: an accurate assessment of the therapeutic value of innovative treatments can only depend on

their long-term benefits - less hospitalisation, productivity and active ageing of the population - and not merely on the incremental charges on the budget of pharmaceutical expenditure. All this, in turn, is impossible without a *genuine* structural reform. Is Europe moving in this direction? Events in recent years have shown that trying to achieve short-term expenditure cuts has jeopardised rather than stimulated large-scale intervention plans. The message comes loud and clear from the industry, that it is ready to assume its responsibilities and it is open to dialogue with the Institutions: for the future of public healthcare, we hope this will bear fruit and yield benefits.

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SCHROECKENFUCHS

DON'T USE THE CRISIS AS AN ALIBI: IT WILL REWARD YOU

“*The company was considering whether or not to gradually disengage from the Greek market. I made it clear right from the beginning, that my mission was not to cut jobs or close down the affiliate, but to make it grow.*”

Telos: You were country President for Novartis in Greece before taking charge here in Italy. We would be interested in learning more about this experience: how was it like to run a major pharmaceutical company in the midst of such a severe economic, financial and political crisis?

Georg Schroeckenfuchs: The most important aspect of managing such a critic situation was to adopt the right approach, meaning, not to use the crisis as an excuse for not being able to perform: each single crisis – no matter how severe it is – opens up new opportunities to be successful. Indeed, it is far too easy to say that no achievements can be obtained because the country is in a severe economic crisis: as a matter of fact, an economic crisis exacerbates the difference between the efficient and the inefficient economic actors. I took charge at a time when draconian cuts to the price of pharmaceuticals had been adopted by the Greek Government. In response, the company was considering whether or not to gradually disengage from the Greek market. But my view was radically different: I remember making it clear right from the beginning, that my mission was not to cut jobs or close down the affiliate, but to make it grow. It would be a hard task in the short term, but I believed it would prove a highly rewarding strategy in the long run. In the end, not only did we manage to increase our market share during the crisis, but we were also able to position ourselves as a trustworthy, responsible partner of the Greek Government in designing and implementing healthcare reforms.

In my view, a key factor that allowed us to be successful was to build a healthy climate within our organisation, which meant ensuring we took care of our own people, while at the same time combining care for our employees with a solid performance culture and keeping a clear focus on compliance and business ethics. A crucial task for me was to keep people constantly focused on issues where they were in a position to influence, preventing them from being distracted by all the other issues around, where in any case no one would be able to influence. Communication was another key success driver, not just because it helped to keep people aligned, but also as a fundamental tool to make sure we were transparent, about the good things as well as about the bad ones. I firmly believe that, the more people are aware, the more they trust the management. Furthermore, we made sure we had contingency plans in place, to help the management take decisions and put them in practice swiftly according to how the situation unfolds. It is not needed that the entire organisation is aware about the content of the contingency plans, but it is crucial that they are confident that the management has plans in place. Last, but not least, it was essential to make sure that we remained a proactive player during the whole process of change, and positioned ourselves as a partner for the Government.



Georg Schroeckenfuchs is Managing Director and Country President of Novartis Italy as from 1 October 2013. He began his professional career in 1988 as a sales representative for Glaxo Pharmazeutika in Vienna where, following the merger with SmithKline Beecham in 2000, he became Marketing Director and gained further experience as result of the successful launches of various products.

In 2001 he joined Novartis Austria as Head of General Medicine, where he led the Primary Care Unit to the heights of the sector before becoming Head of Sales in 2007. In the same year, his career was further and significantly advanced when he was appointed General Manager for Slovenia and, as Regional Head of the Balkans, became responsible for Croatia, FYROM (Macedonia), Montenegro, Serbia, Kosovo, Albania, Bulgaria, Ukraine, Malta and Cyprus. In 2011, he was named Managing Director and Country President for Poland and the Baltic countries, and successfully undertook negotiations on behalf of Novartis during the course of a major reform of the Polish healthcare system. In 2012, he became Managing Director and Country President for Greece where, together with his team, he managed to guide the company during the financial crisis and continued to extend the leadership of Novartis Hellas.

Schröckenfuchs holds a Degree in Marketing and Sales from the Vienna University of Economics and Business. He is a member of the Academic Marketing Society and the Pharmaceutical Marketing Club Austria. He is married and has one daughter.

Italy is your next task. How would you describe your mission? Which are the most challenging goals you seek to achieve?

My mission is in line with the key targets set at the corporate level by our leadership team. First of all, it is crucial for us to unleash the potential of our people. Secondly, we are striving to promote timely access of pharmaceuticals to market, in order to make sure that our innovative products are made available to patients. From a wider perspective, it is our ambition to position ourselves as the most recognised and admired company within 2016, also within the working environment. Finally, we are also putting effort to reduce complexity internally, by streamlining and speeding up decision processes: it is a priority for us to relieve our organisation from the internal bureaucratic burden, building a better environment for decisions to be taken and implemented smoothly. To sum up, our key focus is on fostering a positive culture internally, while constantly keeping an eye on the external environment and, above all, keeping a patient-centred approach.

We fully realise that providing patients with a swift access to innovative products is a hard task for healthcare systems, especially in times of tight budgetary constraint. But this should not make us deflect from our ambitions; on the contrary, we are firmly committed to build a solid, long-term cooperation with the Government at all levels, in a shared effort to devise policy solutions that can free up additional financial resources, to be then re-invested in pharmaceutical innovation.

A high number of blockbuster drugs have come off patent over the last years, and the returns from R&D are projected to decline. How is the industry planning to react to the crisis of the traditional business model? Is the industry looking for a new identity?

The good thing about Novartis is that our company started early enough to devote effort and resources in building up a strong business plan. As a consequence, Novartis is now on the leading edge in having a really good and solid business plan, covering all the therapeutic areas. It is therefore our strategic goal to continue to thrive, focusing on both primary care and on specialities, i.e. targeted therapies.

Personalised medicine means putting the patient at the very centre of the whole process of developing new drugs. Does it simply mean patient-focused research, or else?

We are moving in the direction of the development of more and more individualised medicines. To quote Novartis' slogan, our primary goal is making sure that we have "*the right drug for the right patient at the right time.*" It is obviously not just a matter of products, though. It is really about conceiving our whole commitment to health, assuming the patient's point of view: this means not just delivering drugs, but also delivering dedicated services, while also taking care of the environment. So, our ambition is to profoundly innovate the mission of a pharmaceutical company, moving from that of just delivering products to that of becoming a service provider, offering health solutions. I believe that the only way for the pharmaceutical industry to stay successful in the future is to make the scope of its business much broader and more ambitious, in creating services and solutions which are tailored to the patients' needs.