BY KIM RIBBINK

A Leader on a MISSION

With a **strong consumer** background, **THOMAS EBELING**, CEO of Novartis Pharma AG and head of **Novartis' pharmaceuticals** division worldwide, has the company **positioned for growth.**

THOMAS EBELING'S FOCUS IS TO MAKE SURE NOVARTIS IS CONSIDERED BEST IN CLASS BY BOTH DOCTORS AND PATIENTS.

He is applying his experience in consumer goods to the pharma industry to make sure the company has outstanding commercial capabilities, especially in the area of marketing and sales.

Mr. Ebeling brought a wealth of consumer industry experience to Novartis in 1997 when he joined the company as general manager of Novartis Nutrition for Germany and Austria. At that time, he managed three business units — medical nutrition, nutrition, and consumer retail brands — and oversaw 800 employees. He held this position for six months before being named CEO of Novartis Nutrition Worldwide and then subsequently CEO of Novartis Consumer Health Worldwide.

What inspires me is the fact that we make **great products** and that we have been **extremely successful** in bringing these **products** to **market**.

Now as CEO of Novartis Pharma AG, head of Novartis' pharmaceuticals division worldwide, and a member of the executive committee, Mr. Ebeling, 45, is guiding Novartis to be a leading patient- and consumer-oriented pharmaceutical company.

With degrees in psychology and marketing, he had not conceived that one day he would be heading one of the largest pharmaceutical companies in the world and that he would be in such a position after a short time in the pharmaceutical industry.

"What inspires me is the fact that we make great products and that we have been extremely successful in bringing these products to market," he says. "I believe our success is because of the top-notch people we have. I really enjoy working with my team. It's very rewarding to see great talent producing excellent results."

Having held various marketing and sales positions with the German tobacco company Reemtsma and Pepsi-Cola Germany, Mr. Ebeling has a wealth of experience in working with consumers.

Part of the attraction of joining the pharmaceutical industry was its mission — to produce products that improve and prolong people's lives. But for a man who spent his early career in the consumer-goods industry, another key draw was the evolution in the way pharmaceutical companies deliver their messages.

"Today the industry is not strictly oriented toward marketing and selling to healthcare professionals," he says. "The pharmaceutical industry has become increasingly patient driven, and it has been rewarding to be part of this change. Now, with the emergence of personalized medicine, the future promises to be even more interesting."

As CEO, Mr. Ebeling has worked and continues to work to ensure a greater focus on the patient, to bolster Novartis' commercial capabilities, and to create a company that is considered to be best in class by all its stakeholders.

As Novartis continues to focus more on consumer-centric strategies, such as the Gleevec patient-assistance program, which provides coverage in situations where patients cannot afford the drug, the company is developing closer relationships with patients.

"The patient will become more and more important," Mr. Ebeling says. "The Internet has changed the level of information available to patients. Patient groups are more numerous than they were a few years ago. Direct-to-consumer advertising has become more critical. Today, patients have to pay more for drugs, and they dare to communicate more directly with physicians, which they haven't done before. Based on that, I truly believe that it's important to understand patients to improve compliance, and in terms of drug develop-

I believe **our success** is because of the **top-notch people** we have. I really enjoy working with my team. It's very rewarding to see **great talent** producing **excellent results.**

Novartis' Planned Filings 2004 – 2007

2004

DRUG	INDICATION
Zelmac (EU)	Irritable bowel syndrome
Xolair (EU)	Asthma
Femara	Extended adjuvant breast cancer
Focalin LA	ADHD/ADD
Lamisil NOF	Foot fungus
Zoledronic acid	Paget's disease
Diovan	Cardiovascular events (VALUE trial)

2005

DRUG	INDICATION
ICL670	Iron overload
SOM230	Cancer
FTY720	Transplantation
PTK787	Cancer
LDT600	Hepatitis B
SPP100	Hypertension
Prexige (US)	Osteoarthritis, rheumatoid arthritis, pain
Zelnorm	Functional dyspepsia
Femara	Early adjuvant breast cancer
Sandostatin LAR	Diabetic retinopathy

2006

DRUG	INDICATION
LAF237	Diabetes
PKC412	Acute myelogenous leukemia
Lucentis	Age-related macular degeneration
LDC300	Hepatitis B
Zelnorm	GERD
Visudyne (US)	Occult age-related macular degeneration
RAD001	Solid tumors
Exelon TDS	Alzheimer's disease
Elidel ointment	Eczema

2007 and Beyond

DRUG	INDICATION
QAB149	Asthma, COPD
NKS104	Dyslipidemia
SAB378	Chronic pain
RGN303	Rheumatoid arthritis
LIC477	Bipolar disorder
Gimatecan	Solid tumors
EPO906	Cancer
LAQ824	Cancer
XAA296	Cancer
TCH346	Parkinson's disease and ALS
AAE581	Osteoporosis
LBM415	Bacterial infections
Elidel dry-eye drops	Ocular
Lotrel	Hypertension (ACCOMPLISH trial)
RAD001	Rheumatoid arthritis
Zoledronic acid	Osteoporosis
ASM981 Oral	Asthma

- New molecular entity
- New molecular entity rollout
- Line-extension

Source: Novartis, Basel, Switzerland. For more information, visit novartis.com.

ment it's important to understand what patients' true needs are. There is sometimes a disconnect between physicians and patients, and it's our task and opportunity to identify those disconnects and align patient and physician thinking."

On its way to developing a customer-centric approach, Novartis has experienced some hiccups. With its antidiabetic agent, Starlix, the company implemented several patient outreach programs without success. Among these were community dinners where those attending were offered glucose testing before and after the meal. The company also offered glucose testing in supermarkets.

"With Starlix, we were a little too advanced in terms of the concepts we used to introduce this medicine," Mr. Ebeling says. "Since then we've redoubled our activities when launching products to include more customer insights and to make sure that the products are broadly and sufficiently profiled. We learned an important lesson, which is to listen to customers."

Mr. Ebeling says he has received tremendous support from his colleagues in the United States in launching customer-focused programs.

Under Mr. Ebeling's guidance since taking over as CEO of pharma, Novartis has established strategies to build the commercial capabilities of the company, including improving the sales and marketing skills of its people. In 2001 and 2002, the company's focus was on improving targeting and frequency of calls, upgrading training, establishing steam of valuation models, and employing differential detailing techniques. In 2003, the company focused on improving the quality of its reps, excelling in direct-to-consumer advertising, and developing sophisticated ROI models. In 2004, according to Mr. Ebeling, the company will continue its strong marketing and sales focus by employing more standardized global executions of brand strategies; testing new approaches to improve access to physicians; implementing a unique selling model; becoming even more patient centric; and expanding DTC to more therapeutic categories.

Mr. Ebeling says these strategies will continue to help Novartis dynamically grow in-market brands to outpace the competition; establish strong commercial and development capabilities to exploit the full value of the portfolio; have seven potential blockbusters by 2008: Diovan, Elidel, Femara, Gleevec/Glivec, Lotrel, Zelnorm/Zelmac, and Zometa; and, have 10 Phase II/III projects with combined potential peak sales of more than $10 billion.

For the first nine months of 2003, Novartis outpaced the market with double-digit sales growth and further market share gains. Group nine-month sales in 2003, which include pharmaceutical sales and consumer health sales, increased 18% compared with the same time period in 2002. The company's pharmaceutical products are gaining share in all of its key markets. The cardiovascular franchise, particularly Diovan, achieved the top position in its global segment, and oncology continues to sustain dynamic growth rates. And according to IMS Health data from August 2003, Novartis' overall share of the global healthcare market has risen to 4.35%.

"I'm really proud that Novartis Pharma has achieved outstanding growth," Mr. Ebeling says. "Since the beginning of 2002, we have consistently, quarter by quarter, outperformed the competition. We have constantly improved our operating income. We are now the fastest-growing pharmaceutical company in the top 10. And we continue to gain market share."

He says another of his goals is to ensure Novartis is viewed as best in class in the way it manages its business.

"This doesn't necessarily mean becoming the No. 1 company by size, but No. 1 in the way we manage and operate," he says. "This is a key goal. And, going forward I would like our customers and patients to rate us as a tier-one company. I want the scientific community and investors to rate us as the leading innovator in the industry with the leading industry pipeline. Certainly, I hope that both investors and employees will be satisfied by our growth and by our economic performance."

Experience Counts

While the move from consumer goods to the healthcare industry was a fairly big change, the Novartis Pharma CEO notes that there are some significant overlaps.

"There are a lot of similarities, actually more than I thought, with my previous life," he says. "In both the fast-moving consumer goods industry and in the healthcare indus-

This doesn't necessarily mean becoming the **No. 1 company by size, but No. 1** in the **way** we **manage** and **operate**.

try, we talk about share of voice, positioning, messaging, targeting, and segmentation, as well as frequency and unique selling propositions," he says. "The pharmaceutical industry is clearly a complex arena. I'm learning every day."

Despite the intricate nature of developing and marketing pharmaceuticals, Mr. Ebeling contends there is much the healthcare industry can learn from the consumer goods world.

"The pharmaceutical business can gain insights from the consumer industry in developing greater rigor and creativity to better understand the key stakeholders, how best to communicate with them, how to motivate them, and how to produce the right products for them," he says. "In addition, the pharmaceutical industry can gain insights from the consumer industry on how to speed decision making, become more cost consciousness, and focus on return and productivity.

"It has always been my goal to try to improve the capabilities of the organization I was serving, to encourage the staff to excel, and to ensure that the company strategy is well thought out," he notes.

Mr. Ebeling says the key to managing the complexity of the pharmaceutical business is in understanding the different needs of its three key audiences: payers, physicians, and, increasingly, patients.

According to Mr. Ebeling, Novartis has had success in achieving those important goals.

Over the past three years, according to Novartis' literature, the company has reduced average drug-development time by about 25%. And by putting in place efficiencies to improve the flow of drugs from laboratory to pharmacy, Novartis is ensuring that its products reach the patients who are in need of innovative and relevant therapies.

"All of our products are supported with sufficient resources, and we continuously invest in marketing and sales and even more importantly in R&D," Mr. Ebeling says. "We place a great deal of emphasis on good cooperation between research and development, between development and marketing, and between our headquarters and the U.S. organization. These are three important interfaces that have to be managed very well. Additionally, we've been pretty daring and creative in identifying innovative product solutions for patients. For example, Lotrel, Gleevec, Zelnorm, and Elidel are all fantastic innovations. And Diovan is now on its way to becoming a blockbuster, thanks to a strong clinical program and very strong marketing and sales initiatives. We also have been very active in licensing new drugs, which is a nice complement to our internal efforts.

"Our track record in clinical development shows we have been faster than the industry average in getting drugs to market; we had more drugs approved than any other competitor in the United States since 2000," he says. "Lehman Brothers awarded us for having an industry-leading pipeline. We're definitely on the right track. Focusing on quality, from a business standpoint, is a key priority."

To improve efficiencies further, Novartis has adopted various technology solutions, such as electronic data capture, to support the clinical program of 200 new trials, 20,000 active clinical sites, 200,000 patients in trials, 1.2 million patient visits, and 60 million clinical data points.

Keeping the Cabinet Full

Novartis has had key successes in recent years reflected in a healthy number of product

launches. In the past four years, 11 novel compounds have received marketing approval in the United States.

"I'm proud that we have one of the best, if not the best, pipelines in industry and that we continue to launch products such as Gleevec, which saves the lives of thousands of patients," Mr. Ebeling says.

Novartis has started to enjoy not only greater economic success from its marketed therapies, but also a good reputation with patient groups. Gleevec has been warmly received by advocacy groups as a treatment for patients with Philadelphia chromosome positive chronic myeloid leukemia (CML) in chronic phase.

"Gleevec helped us to create an outstanding reputation with key opinion leaders, and this certainly forms a great platform for future product launches," Mr. Ebeling says. "Gleevec already is a blockbuster. Zometa, used in the treatment of bone metastasis in a variety of tumor types, will be one of our next blockbusters. And Femara data show that it can really benefit patients significantly."

According to the company, in addition to the 10 new medicines that are in late-stage development, there are 78 development projects in total. Of those, 63 are in Phase II trials, Phase III trials, or in registration. These include 16 projects in cancer and nine in cardiovascular medicine. In addition, Novartis has 47 development candidates in advanced preclinical testing that are expected to enter clinical trials in the next two years.

Novartis says the number of promising projects in clinical development grew 44% between 2000 and 2003, with a significant increase in the mid-stage to late-stage clinical pipeline. Many of the company's leading compounds reflect ongoing demographic changes and focus on diseases with increasing incidence and prevalence, such as diabetes, and conditions that increase with age such as osteoporosis and cancer.

According to Mr. Ebeling, one of the company's most promising products in the pipeline is zoledronic acid, which is a once yearly treatment for osteoporosis.

"The current standard of care is a once weekly treatment; with zoledronic acid, patients would receive a treatment that seems almost like a yearly vaccination," Mr. Ebeling says. "It has the same efficacy and tolerability, if not even better. This is certainly a major improvement, and it can become the new current standard of care. The compound is in Phase III clinical trials for this indication."

"Another drug entering Phase III is LAF237, which is an oral DPP-4 inhibitor and is expected to be the first in a new class of


THOMAS EBELING

nologies and higher regulatory hurdles. The number of patients who have to be enrolled in clinical trials is much higher now. Today studies that include between 10,000 and 15,000 patients are not unusual. In the past, 10,000 patient studies were considered to be high. Another issue is the delay in approval, which limits access to drugs. Ultimately, what Novartis can do and what the industry can do to overcome these issues is to produce medicines that address unmet needs. If the industry continues to do this, I'm sure that it can deal with pricing pressures.

Setting a Clear Direction

IN AN EXCLUSIVE INTERVIEW WITH PHARMAVOICE, THOMAS EBELING, CEO OF NOVARTIS PHARMA, TALKS ABOUT WHAT INSPIRES HIM ABOUT THE PHARMACEUTICAL INDUSTRY, HOW HE SEEKS TO INSPIRE HIS STAFF, AND WHAT CHALLENGES HE BELIEVES THE INDUSTRY WILL HAVE TO OVERCOME.

WHAT INSPIRES YOU ABOUT THE HEALTHCARE INDUSTRY?

It's the ability to save lives and make a real difference for people suffering from diseases. I've always wanted to work with products that either make people feel happier or healthier and that's certainly a great source of inspiration.

ARE THERE PEOPLE AROUND YOU WHO INSPIRE YOU, AND HELP PROPEL YOU IN YOUR WORK?

I get inspiration and insights daily from my team, from my colleagues at the senior-management level, and from my boss, Daniel Vasella, chairman and CEO of Novartis. I work with some wonderful, energetic, creative people. And then our customers and our consumers are a source of inspiration for me.

WHAT IS YOUR MANAGEMENT STYLE? AND HOW DO YOU INSPIRE THOSE YOU LEAD?

I set targets and a clear direction. People know where I stand. I try to establish a high-performance culture where people try to do their best every day and to become better every day. And I'm becoming better at creating an open culture that encourages people to speak up.

WHAT ARE SOME OF THE BIGGEST CHALLENGES FACING PHARMACEUTICAL COMPANIES?

A key challenge is a government effort to cut drug costs, which means there is less money available to create innovative drugs. Related to this is the cost of innovation, which has increased significantly over the last decade. Today, it costs more than $800 million to bring a drug to market. These costs are being driven by new tech-

compounds for diabetes control," Mr. Ebeling says. "The promise of LAF237 is that it might change the progression of the disease."

According to Mr. Ebeling, the next exciting product in the pipeline is SPP100.

"SPP100 is being investigated for the treatment of hypertension," Mr. Ebeling says. "SPP100 has shown very promising results in Phase II trials and can be used in mono and combination therapy. What's interesting about this product is that it is a new generation of blood-pressure medicine and the first time in 10 years that there has been a new category launched in hypertension. That is very exciting."

SPP100 is expected to be the first oral renin inhibitor.

At a time when other pharmaceutical companies are struggling to pepper their pipelines with innovative compounds, Mr. Ebeling says Novartis has several other products in development that employ new mech-

Novartis Pipeline Highlights

CARDIOVASCULAR/METABOLIC

LAF237 (type 2 diabetes): An oral DPP4 inhibitor, LAF237 is expected to be the first in a new class of compounds for diabetes control. LAF237, which is about to move into Phase III, represents a novel therapeutic concept: it increases the amount of circulating active GLP-1, a peptide that increases insulin secretion in a glucose-dependent fashion, lowering blood glucose. Additional benefits include: slowing gastric emptying, decreasing appetite, and potentially increasing the development of insulin producing beta-cells, which may modify the disease.

SPP100 (hypertension): This is expected to be the first oral renin inhibitor and potentially the next generation of drugs for blood-pressure and vascular disease control. SPP100 may offer a new alternative for monotherapy and combination treatment of hypertension and other cardiovascular conditions. SPP100 is about to begin Phase III trials. Novartis licensed SPP100 back from Speedel in 2002.

ONCOLOGY

PTK787 (cancer): This is a potent inhibitor of all vascular endothelial growth factor (VEGF) receptors, which play an important role in the formation of blood vessels (angiogenesis) that supply tumors. PTK787 is positioned to be the first oral targeted angiogenesis inhibitor and is a codevelopment, comarketing project with Schering AG. PTK787, which is in Phase III, is being evaluated as a first- and second-line treatment of colorectal cancer.

ICL670 (iron overload): This product could provide a major improvement to the quality of life of patients with iron overload in transfusion-dependent anemias. With the advantage of being an oral, once daily iron chelating agent, ICL670 is expected to replace the current gold standard treatment, Desferal, which has to be administered via a daily subcutaneous infusion over 8 to 12 hours. Multinational Phase III trials are under way in adults and children with beta thalassemia, MDS (myelodysplastic syndromes), sickle cell disease, and other transfusion-dependent anemias.

TRANSPLANTATION

FTY720 (transplantation): A new cornerstone in immune modulation, FTY720 is currently in development for the prevention of acute rejection and graft loss in kidney transplant patients. In studies, it has been shown to provide a new mechanism of action that prevents rejection but does not impair T-cell function, an important component in the immune system. FTY720 is now in Phase III trials.

BONE AND JOINT TREATMENTS

Zoledronic acid (postmenopausal osteoporosis and Paget's disease): Zoledronic acid, the most potent bisphosphonate, aims to provide "bone protection" by increasing bone-mineral density with a single annual dose. As such, it could become the gold standard in osteoporosis. With Phase III progressing well, the first filings, for Paget's disease, are planned for 2004.

AAE581 (osteoporosis): Expected to be the first in an innovative new class of drugs known as cathepsin K inhibitors, AAE581 is a once-a-day oral treatment that reduces collagen breakdown and bone resorption. The product is advancing through Phase IIb clinical trials.

CENTRAL NERVOUS SYSTEM

TCH346 (Parkinson's disease and amyotrophic lateral sclerosis): With targeted neuro-protection, TCH346 is a GlycerAldehyde-3-Phosphatase dehydrogenase (GAPDH) inhibitor that promotes neuronal survival and has potential for treating Parkinson's disease, Alzheimer's disease, and amyotrophic lateral sclerosis (ALS), where delaying or preventing disease progression is an urgent need. Phase II clinical trials for Parkinson's disease and ALS are in progress.

RESPIRATORY DISEASE

QAB149 (asthma and chronic obstructive pulmonary disease): This product is expected to be the first long-acting beta-2 agonist with a quick onset of action offering 24-hour duration of lung function improvement with a once-daily administration. Phase II clinical trials have shown clear efficacy and that QAB149 is safe and well tolerated.

INFECTIOUS DISEASES

LDT600 (hepatitis B): Novartis believes that LDT600 (telbivudine) may take efficacy to a new level in the treatment of hepatitis B. It is a nucleoside analogue that inhibits viral DNA synthesis. In a recent study, 52-week data showed that LDT600 reduces serum hepatitis B (HBV) DNA levels significantly more than standard therapy, lamivudine. LDT600 is currently in Phase III.

I **focus** very much on **creating** a **culture** where **people dare** to **speak up**.

anisms of action or represent new classes of treatment.

"FTY720 has a new mechanism of action for immune modulation," he says. "FTY720 is currently in Phase III development for the prevention of acute rejection and graft loss in kidney transplant patients. What is interesting about FTY720 is its possible use outside transplantation. We're currently exploring the drug as a treatment for multiple sclerosis.

"The last Phase III product I want to talk about is PTK787," Mr. Ebeling says. "PTK787 is an oral angiogenesis inhibitor, a first for colorectal cancer. We have a marketing agreement with Schering AG, and if it works it can be really big."

During Novartis' R&D day in November 2003, Mr. Ebeling highlighted 10 major Phase II and Phase III compounds. (For more information, see box on page 48.)

According to Mr. Ebeling, innovative drug development is critical if the industry is to overcome the hurdles and obstacles that are beyond its control.

"My key concerns are the marketplace factors that I cannot influence, such as rapid changes in government policy and the inability of the industry to influence those decision makers," he says. "Price pressure, in particular, is something that as an industry we have no influence over, but which has a huge impact on our business. Pricing will impact our profitability and our ability to continue to innovate."

Mr. Ebeling believes the success of pharmaceutical companies lies in their ability to produce lifesaving and life-changing products.

"The industry has to continue to innovate and has to establish an open-minded, constructive dialogue with the key decision makers at the government level," he says. "And the industry has to make sure that the public recognizes the value of the products it is creating."

A People-Centric Approach

To help Novartis achieve its goals, Mr. Ebeling says his role is to formulate corporate strategy, set priorities, and ensure these are the right priorities.

"My role is to make sure that Novartis has the right people on board, the right resources, and that we create a culture that allows our people to accomplish the corporate mission," he says.

Novartis has been receiving widespread attention as a company to work for. In 2003, *Science* magazine sponsored a survey of top employers in the biotechnology and pharmaceutical industries, as judged by scientists in life-science organizations. In 2003, the company was ranked No. 8, compared with a ranking of No. 11 in 2002.

"What attracts employees to Novartis is firstly, our success; this makes the staff feel good about what they're doing," Mr. Ebeling says. "Secondly, we have a clear strategy and the fact that we communicate the strategy very consistently is important. And thirdly, we offer people career-path opportunities, giving them proper incentives for the achievements they've reached, and we create a culture that makes life easier for employees. We ensure that management is accessible and listens to employee concerns."

Mr. Ebeling and his colleagues have worked hard to create a corporate atmosphere that allows the staff to excel.

"I focus very much on creating a culture where people dare to speak up," he says. "Because of the complex nature of the pharmaceutical industry, a company needs to access all the knowledge from within to make sure that it has all the resources available to create great products. If people don't speak up, a company cannot access all the available talent."✦

PharmaVoice welcomes comments about this article. E-mail us at feedback@pharmavoice.com.

A Consumer Pathway

JULY 2000 — PRESENT. CEO, Novartis Pharma AG and head of Novartis' Pharmaceuticals Division, worldwide, Basel, Switzerland

DECEMBER 1999 — JUNE 2000. Chief operating officer, Novartis Pharma AG, Basel, Switzerland

SEPTEMBER 1998 — NOVEMBER 1999. CEO, Novartis Consumer Health worldwide (nutrition and self-medication), Nyon, Switzerland

JANUARY 1998 — AUGUST 1998. CEO, Novartis Nutrition worldwide, Bern, Switzerland

JUNE 1997 — DECEMBER 1997. Managing director, Novartis Nutrition, Germany and Austria, Bern, Switzerland

MARCH 1996 — MAY 1997. Managing director, Pepsi-Cola, Germany

AUGUST 1994 — FEBRUARY 1996. Franchise director Germany, Austria, and Switzerland and retail sales director Germany, Pepsi-Cola, Germany

MAY 1993 — JULY 1994. Marketing director Germany, Austria, and Switzerland, Pepsi-Cola, Germany

MARCH 1991 — MAY 1993. Marketing manager for Diet Pepsi and Seven Up, Germany

AUGUST 1989 — FEBRUARY 1991. Product manager, West Family, Reemtsma, Germany

SEPTEMBER 1987 — JULY 1989. Assistant junior product manager (Peter Stuyvesant, John Player, West), Reemtsma, Germany

JANUARY 1987 — AUGUST 1987. Trainee marketing/sales, Reemtsma, Germany

EDUCATION

1987. Certificate in marketing, Bad Harzburg, Germany

1980 — 1986. Certificate in psychology, Hamburg, Germany