

Sanofi's CEO Offers Advice for Digitally-Ambitious Pharmas

(Source: an article by Eric Sagonowsky for FiercePharma)

Digital change may have come late to pharma, but currently it's all the rage. That doesn't mean drug manufacturers should plunge right into the next trendy tech, though, according to Sanofi's CEO Paul Hudson.

His advice? "Stop the clock" to carefully review digital priorities, Hudson wrote in an op-ed piece for Fortune Magazine. Rather than pursue every digital prospect that comes along, the industry should "pause" and formulate a concise and thoughtful plan.

At Sanofi, where he took the helm last fall, Hudson has done just that—and quite publicly. He hit pause on a partnership with Google's Verily business, dubbed Onduo, announced with great fanfare in 2016. The drugmaker will keep supporting the venture financially but won't be directly involved in operations.

Hudson has been a champion of digital at multiple pharma companies. For example, as a Novartis executive, Hudson previously told FiercePharma that the company enlisted an AI program to help sales people in the field.

At an event one month into his tenure at Sanofi, Hudson focused on his digital ambitions. It's "great to develop digital externally, but what about being a digital company?" he asked rhetorically about pharma's tech partnerships that have made so many headlines in recent months.

Hudson wants to get Sanofi to a place where employees throughout the company make "split-second decisions" that are informed by data and analytics. The company isn't overlooking digital therapeutics either. Sanofi highlighted technology as one area of focus for its new helmsman when it brought him on board.

Echoing his ambitions for company-wide data and analytics at Sanofi, Hudson wrote in Fortune that pharma needs to "raise the technology quotient" by making digital skills a priority "throughout the entire workforce—from the lab to the factory floor to the executive office."

The industry needs to abandon its "decades-old ways of working" in favor of "cultures that encourage experimentation and accept and learn from failure," he wrote. For example, in an R&D lab the helmsman recently visited, a robot handles the time-consuming task of processing proteins—200 proteins at the same time, around the clock. That allows scientists to focus on more complex tasks, he wrote.

Last, Hudson stressed the importance of avoiding "superficial intelligence." He said pharma companies shouldn't jump right into the next trendy technology, but carefully consider which new technologies can benefit their operations.

The pharma industry lags other sectors in its digital embrace, but that's been changing. Several big pharma companies have

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- ♦ **China General Technology (Group) Holdings Co., Ltd.** and its hold subsidiary, **China Meheco Co., Ltd.** jointly acquired 49% equity stake in **Chongqing Pharmaceutical and Health Industry Co., Ltd.**, the controlling shareholder of **Chongqing Pharmaceuticals (Group) Co., Ltd.** The move represents a strong collaboration of two of the top ten wholesalers in China's pharmaceutical distribution field and secures the conglomerate's position in the top 5 in the industry.

- ♦ American pharmaceutical wholesaler **McKesson Corporation** will continue as the primary pharmaceutical supplier for the **Department of Veterans Affairs**, the largest integrated healthcare system in the U.S. The contract between the company and the VA has been renewed for the next two years and includes VA medical centers, clinics and outpatient pharmacies. McKesson Corporation is the largest non-defense vendor serving the VA, Department of Defense and other government branches. "McKesson has had the privilege of supporting the VA as their prime pharmaceutical supplier since 2004," said *Brian Tyler*, McKesson's CEO. "We are honored to once again be selected for the important responsibility of serving those who serve us and providing quality care for our veterans."

- ♦ Pharmaceutical manufacturer **Eli Lilly (U.S.)** announced that it will acquire dermatology pharmaceutical company **Dermira** for US\$1.1 billion. Dermira was founded a decade ago and sells dermatology drugs to treat a variety of conditions,

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Korea to Invest in New Drugs, Medical Devices and Brain Research

(Source: An article by Kwak Sung-sun for Korea Biomedical Review)

Korea's Ministry of Science and ICT has committed to spending US\$361.7 billion in 2020 to secure original technologies in new drugs, medical devices, brain research and biological big data.

The ministry confirms its 2020 plan for original technology development projects in biotech aimed at nurturing the industry as a next-generation growth engine for the Korean economy. The ministry will increase this year's spending in the industry by 10.1 percent. Spending in 2019 was US\$295 million.

The Science-ICT ministry's investment will focus on enhancing Korea's global competitiveness in these critical areas. Also, convergence technologies, including artificial intelligence-based novel drug development and 3D biological tissue chips are high on the list to receive much-needed funding.

The ministry said it will put on notice new government projects for new drugs and stem cell research immediately. To help Korean pharmaceuticals yield fruitful results in new drug

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Sanofi (cont.)...

hired digital execs in recent years with aims to bolster their manufacturing, R&D, sales and marketing and more.

Meanwhile, Hudson recently outlined his vision for Sanofi, digital and beyond. Sanofi will discontinue diabetes and cardiovascular R&D and prioritize growth products such as its immunology medication Dupixent and vaccines. Furthermore, the company has six "potentially transformative" pipeline therapies in hemophilia, RSV, cancer and more.

The drugmaker also aims to save €2 billion (US\$1.8 billion) by cutting support staff, tightening manufacturing budgets, spending smarter in purchasing and other measures. Technology is part of that: The company has ratcheted back travel spending by hosting more meetings online and is saving in training through an e-learning platform.

Thoughtful innovation and digital technologies are key to Mr. Hudson and the Sanofi team. It will be interesting to see where the journey takes them.

Korea (cont.)...

development, the ministry will invest US\$47.6 million for new businesses to discover new drug targets and verification.

To accelerate the development of innovative convergence medical devices, the ministry will also provide US\$22.8 million in 2020 for a pan-government medical device R&D project and newly allocate US\$921.7 million to 2025.

Commitments of US\$3.1 million have been allocated for this year to develop technologies that will predict and diagnose diseases in precision medicine. This includes the discovery and analysis of biologic information such as genomes, proteins, metabolites and transcriptome. As drivers such as AI and big data begin to transform the healthcare paradigm, the government will also support convergence technologies in the biotech sector.

This year, the Ministry of Science and ICT, the Ministry of Health and Welfare, and the Ministry of Trade, Industry and Energy will jointly build biological big data that includes 20,000 people for research purposes. The science ministry earmarked US\$3.25 million for the project.

To help pharmaceutical firms reduce cost and time for new drug development, the ministry will invest in AI-using drug development and building a next-generation drug evaluation platform using 3D biological issues. The science ministry also vowed to support technologies to fight dementia amid an aging

population as well as infectious diseases that directly affect public health. This will include research into the identification of what causes dementia and pathogenesis and predict the disease to aid in early diagnosis. They will also invest in the treatment of other major brain diseases, including brain development disorders such as depression, and damage in the brain nervous system.

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including eczema. The transaction is expected to close by the end of the first quarter.

- ◆ **Astellas Pharma** (Japan) has completed the acquisition of **Audentes Therapeutics**, a gene therapy developer based in San Francisco, for nearly US\$3 billion. The tender transaction of nearly 36 million shares of Audentes stock at US\$60 per share gives Astellas a 76.7% stake in the company. Astellas is ratcheting up its activities in gene therapy and hopes to establish what it calls "genetic regulation" as its fifth primary focus of its business.

- ◆ According to Japanese research firm **Encise** (a subsidiary of Crecon Research and Consulting) MSD's anti-PD-1 antibody *Keytruda* (*pembrolizumab*) was the best-selling drug in Japan in 2019, followed by *Avastin* (*bevacizumab*) and *Lyrica* (*pregabalin*). *Keytruda's* strong performance comes on the back of strong positive data in the treatment of lung cancer, including frontline data on death risk reduction, as well as additional indications for renal cell carcinoma (RCC) and head and neck cancer. MSD, however, does face a 17.5% price cut beginning February 1 under the so-called "huge seller" repricing, which is applied to drugs with better-than-expected projected sales.

- ◆ Concerns are rising as China reports 570 new cases of the coronavirus, which has resulted in 17 deaths to date. The disease which can manifest into pneumonia began in the Chinese province of Wuhan, has spread beyond China's border to 8 countries including the U.S., Thailand and Japan. Jiangsu Biopure Technologies has created a drug testing kit that could allow hospitals to better detect the virus, and human trials for a vaccine to count the new strain could begin in 3 months. Authorities have also expanded travel bans to 5 cities.

- ◆ China's ongoing rounds of price-cutting continues as global pharmaceutical companies are losing most of the nationwide contracts to local rivals. The Chinese government has instituted aggressive cost-cutting measures of as much as 53% for bulk purchases. **Bayer's** diabetes drug *acarbose* saw its price slashed by 80%. Other drugs include therapies for hypertension, dementia and viral infections.

- ◆ Just months after completing China's largest single-use bioreactor manufacturing facility, **WuXi Biologics** is ready to take its technology to Europe with another large biologics facility that will employ 400 workers. The company announced it will invest €325 million (US\$392 million) to build a biologics facility in Dundalk, Ireland, and create a campus of 2.8 million square feet. The project, its first outside of China, has been in the works for several years and has snagged support from Ireland's development agency.

Sources: CNN, Company Press Releases, Fierce Pharma, Healthcare D Magazine, Pharma Japan, and South China Morning Post

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