

8 Novartis

Since focusing its R&D on rare diseases and biotech, including vaccines for the likes of H1N1, the Swiss pharma giant has been in a fever of invention. The FDA has approved nine of its drug candidates in 2009 alone. Chairman Daniel Vasella explains how the world's third-largest drugmaker got so healthy.

FC: A lot of drug companies target major diseases, but Novartis emphasizes rare ones. What is your strategy?

If you're thinking along traditional lines, when a drug doesn't promise profitability and market size and growth, it will not enter the portfolio. But if we have a possibility to significantly improve the lives of patients who cannot be well treated, we'll go ahead, irrespective of the size of the market. We find a model disease that has certain mechanisms to the extreme and apply a drug. Once the impact is positive, we pursue other targets [with similar molecular pathways]. Ilaris was originally for a small patient base, people with terrible rashes and fever from birth; the first patient we treated saw his symptoms disappear. Now Ilaris also seems to work for gout. Piece by piece, we add new insights.

So you venture that a drug for a rare disease may have wider uses. Sounds risky and expensive. How do you get comfortable with that?

That's how you get to breakthroughs. If you go with mecha-

nisms that are better known, you repeat the past. You don't find something completely new. You don't create new markets. We're used to failures. When we engage in R&D, be it drugs or vaccines, we put funds on the table and invest in some highly uncertain projects. The key decision in pursuing vaccines was, would we be ready to accept that this division will be losing money? But in order to build the brighter future, you have to sacrifice some of the short-term benefits.

How do you maintain momentum developing products that are years in the making and fraught with setbacks?

There's not a single project here that hasn't almost died at one point. You need people with a certain scientific resilience, a fighting spirit, to get through the difficult times. Once you glue people together with the feeling that we are aligned in what we do and our work has a

deeper purpose, you get a lot of energy unleashed.

You've described the Novartis campus in Basel, designed by Frank Gehry and other luminaries, almost as a competitive advantage. How so?

We transformed a former industrial production site into a space for knowledge workers. We abolished walls and cubicles, and we created the lab of the future, where we're integrating informatics and bioinformatics and communication tools that enhance research. If you're in the lab here in Basel, without taking off your glove, you push a button and talk to a colleague in the United States and exchange structures and talk about them. It creates a research network that spans large geographies.

You had tuberculosis and meningitis as a child, and a sister died at 19 of Hodgkin's lymphoma. How do these experiences and having been a physician influence the way you've run the company?

The clinical experience—the touch, smell, and memory, the

empathy for the patients—remains very important. To have experienced that and also to have been sick and to have lost someone helps. You see your limitations. You think you can cure a patient, and he dies. You think a patient will die, and he gets cured. You learn that things happen that are out of your control.

The H1N1 flu pandemic so far hasn't been as bad as some feared. But you're going ahead with a new plant in North Carolina to mass-produce vaccines using a cell-based process. Any second thoughts?

You can't just turn the switch on when you have a threat of a pandemic. You have to do this even when the threat is gone. You have to commit, and you have to believe in the project. Otherwise, you'll never get to the end. So you commit to a number of years of effort—that's the nature of the beast.