

# Big changes in Big Pharma

**AstraZeneca announced in February the close down of neuroscience research sites in Södertälje, Sweden and Montreal, Canada. In Sweden around 1200 highly competent researchers and other staff are being made redundant. The changes are in line with changes in Big Pharma over the latest decade.**

BY ANJA CASTENSSON

Johan Järte, CEO of SwedenBIO describes the 2nd of February:

“I was standing at the podium at a pharmaceutical debate when I heard the news about AstraZeneca. With me there was one politician from Ministry of Social Affairs and one from the opposition. They were very taken aback by the news. I find it sad, but I was not very surprised. We in the life science industry have seen it coming.”

Anders Ekblom, EVP Science and Technology and CEO AstraZeneca Sweden AB, explains the decision.

“We need to be efficient and flexible. It is a tough world for the pharmaceutical industry today, globally.”

There are numerous reasons: generic drug companies being more active, longer times to get a patented drug on the market, and increased costs for clinical trials.

“Altogether, expenses have gone up and revenues down. We are not alone; there have been many mergers and exits from therapy areas in the industry in recent years,” he says.

**BIG CHANGES FOR BIG PHARMA**  
Thomas Hedner, professor in clinical pharmacology at the University of Gothenburg and pharma industry entrepreneur,

confirms that Big Pharma is going through big changes. He recently finished his second PhD, this time in economics, studying the change processes in the pharma industry.

“Forbes has estimated that Big Pharma has made 300,000 people redundant in all areas from research and marketing since the year 2000. Instead small, creative and more open pharma innovation networks are created. Such open innovation platforms represent new ways to create drugs.”

AstraZeneca is following suit.

“AstraZeneca decided on a new research strategy in 2010, including more external research and virtual networks. Now we are accelerating the plan,” says Anders Ekblom.

The new strategy includes focusing on fewer diseases within each therapy area, merging of all research within a therapy area up to phase II, and increasing the amount of external research. There is also more focus on payer evidence as early as phase II and on personalised medicine.

**ASTRAZENECA KEEPS 5000 IN SWEDEN**  
According to Anders Ekblom, neuroscience research will be downsized from 500

to 50 persons. They will form a virtual networking group that collaborates with external companies and academia and buys external research. The group will be located in Boston, USA and Cambridge, UK.

“These places are the most competitive in the neuroscience field, with a good mix of academia, companies and institutes.”

Anders Ekblom assures that Sweden is important to AstraZeneca and that the company will continue to collaborate with Swedish research groups.

“Conditions for the pharma industry are not worse in Sweden than elsewhere. We will still keep 5000 employees in Sweden, with a big R&D unit in Mölndal. AstraZeneca is funding a new translational center at Karolinska Institute, for example, and had more than 200 collaborations with Swedish Universities at the end of 2011,” says Anders Ekblom.

## **NEUROSCIENCE IS A TOUGH THERAPY AREA**

Lars Farde, professor of Psychiatry, heads a large brain imaging project at Karolinska Institute, financed by AstraZeneca. He was surprised to hear the news about the closure, but understands the decision.

“It takes enormous amounts of time and



# What happens now?

money to find new drugs. That task is particularly tough in the neuroscience field. The mechanisms of psychiatric diseases are for most parts unknown,” says Lars Farde.

At the moment, he is involved in negotiating what the future will be in relation to the new translational center at the Karolinska Institute.

## CALLS FOR POLITICAL INITIATIVE

The Swedish government has appointed Lars Leijonborg as coordinator to find alternatives following from the AstraZeneca close down. Union representatives (Akademikerförningen) have declared

that the government needs to show leadership, including the Ministry of Enterprise. Sweden BIO’s Johan Järte agrees.

“I wish Leijonborg had some resources to bringing the discussion with different players to a higher level. Instead, his assignment is merely to observe and facilitate a solution,” says Johan Järte.

Håkan Ekengren, the undersecretary to the Minister of Enterprise, explains what the ministry has been doing so far.

“We are talking with different players in the field. We are only now, six weeks later, understanding the situation. We are open to different solutions, but will not provide any monetary contributions.”

Lund show that those made redundant find work in small and medium sized life science companies. The number of people of employed in the local life science cluster does not decrease. Instead, it is increasing.”

He believes that the same development will probably occur here too.

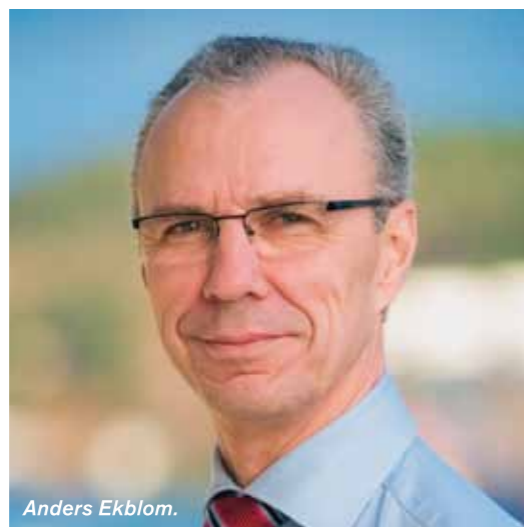
“Not in Södertälje, but in areas of Stockholm where there are large hospitals, risk capital, dynamic bioscience clusters, and, I hope, a political will to support life science business investments in open innovation networks.”

Johan Järte, is on the same track.

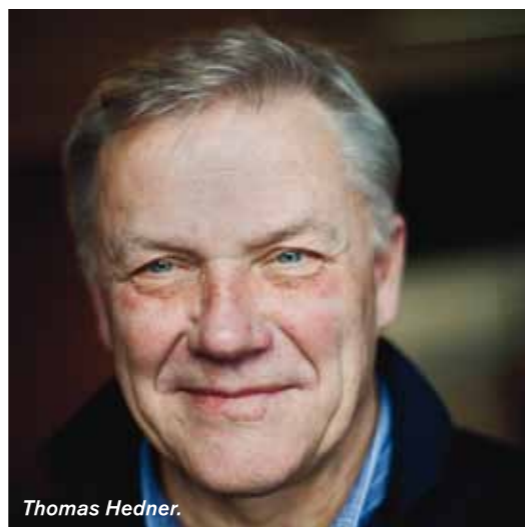
“Life science makes up 20 percent of Swedish net export and it has potential to



Johan Järte.



Anders Ekblom.



Thomas Hedner.

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AstraZeneca, Södertälje.

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## Astra recent downsizing in numbers

- Globally 7300 have been made redundant 2200 in R&D
- 3750 General, Administrative and Sales staff
- 1350 Operations
- In Sweden, at least 1200 have been made redundant, 1000 from Södertälje, 200 from Mölndal. Most from R&D, but also other functions.
- Share of external research is expected to be at 40%. Today it is 35%.
- About 30% of diseases have been removed from the research portfolio since 2010 when the new R&D strategy was launched.
- Downsizing within R&D and group staffing is expected to be finalized at the latest by December 2012.

Source: AstraZeneca

His objective is to oil machinery.

“We are giving support by making sure the Swedish Public Employment Service (Arbetsförmedlingen) is involved. They can for example organize an employment fair, something they did at Trollhättan. We are mainly using the same strategy with AstraZeneca in Södertälje as with SAAB,” says Håkan Ekengren.

“We also work to make it easier for businesses in Sweden. Life science is a prioritized field for us.”

## MANY POSSIBILITIES AHEAD

Anders Ekblom at AstraZeneca emphasizes the importance of the future of life science in Sweden.

“This country needs good research politics to be competitive in the life science field. In general, society needs to value innovations, and be interested in using them,” says Anders Ekblom.

Thomas Hedner points to further possibilities.

“Previous close downs, as with Pharmacia in Uppsala and AstraZeneca in

grow. While AstraZeneca had problems in the last decade, small companies in Sweden have been making a plethora of new products and patents.”

Järte also sees a lot of possibilities for the industry, if many players are let into the field and are a bit creative. The risk he sees is that politicians get sidetracked and do nothing.

“But I think the close down in Södertälje was the last straw. Politicians have finally become aware of what is happening in the life science industry. Politicians, from left to right, know that they have to do something.”

In the aftermath of AstraZeneca’s decision to close down R&D activities in Södertälje, Life Science appears to be of great interest. The public debate has enhanced the importance of research in the fields of pharmaceuticals for the people, and the impact of the companies on the national economy.

Despite this, apparently general unanimity, there is no common assembly for Life Science. In the absence of a national strategy, the players run around in different directions, even trying to avoid each other. Instead, they should at this moment be gathering to draw up the new chain of value in Life Science and fill in the empty spots where AstraZeneca have had a key role in the whole structure. They should prepare for negotiating with AstraZeneca about the future for key functions, projects and facilities.

So, who should take the lead? Well, if Life Science is of superior interest for our society as such, and a cornerstone for future prosperity, counting health and well-being as well as employment and economy, this should be of national political concern. It should thus be supported and handled by the government, combining research, enterprise and social policy.

Unfortunately, I have to note that there is no time left for the government to find out for themselves that they ought to take this role. Too late an awakening might be a very expensive

lesson. Instead, we who share a mutual interest and belief in a strong position for Life Science in Sweden must now come together. We must gather for constructive dialog based on the needs of structure in Life Science on a national scale, combining experiences from Skåne and Västra Götaland with the current development in the Stockholm area and throughout the entire Life Science system. But we must not forget the immediate task, to utilize the existing infrastructure and key functions at AstraZeneca in Södertälje and make them available for other players in the fields of research, healthcare and production. The purpose is to create prerequisites for development and activities along the whole chain, from early research to production, for the entire Life Science area.

I believe that this is of utmost importance if Sweden shall remain an attractive country to live and work in, to run business in and continue to be a country that takes care of its citizens, no matter if they are old or ill.

Ivar de la Cruz

Trade Union Association Chairman of the graduates of AstraZeneca