

Being patient-centric in a digitizing world

A Danish pharma company's strong customer focus and determined digital drive have important lessons for other businesses.

From company headquarters, in the suburbs of Copenhagen, LEO Pharma has been stepping up its strategy to become the world's leading company for people with skin diseases. McKinsey senior partner Martin Møller recently talked with LEO Pharma's president and CEO, Gitte Aabo, about the group's efforts to better understand the needs of patients and about its recent investment in LEO Innovation Lab, a stand-alone unit designed to develop digital solutions for patients.

The Quarterly: *At LEO Pharma, everything seems to be about the patient. What exactly does patient-centricity mean—and to what extent is this idea new?*

Gitte Aabo: Clearly, it's always been the case at LEO Pharma—as it should be at any pharma company—that we care about delivering excellent treatments to patients. But we've taken this one step further by asking ourselves not just “are our treatments safe and efficacious?” but also “are they convenient and do they truly address patients' needs?”

One of the obstacles we face is that even though skin diseases can have a profound impact on the lives of patients, patients don't always adhere to treatments, often because they find it too difficult to use the products. We need to remember that patients are people like you and me, who get up in the morning, go to work, and pick up their kids after school. So if we come up with

a treatment, like an ointment, that takes patients a long time to apply every day, they most likely won't. We want to respond to this.

The Quarterly: *How has patient-centricity changed the way you do things in practice?*

Gitte Aabo: One example is that we have asked anthropologists who study psoriasis patients in various parts of the world to help us understand not only the needs that these patients are able to express themselves but also some of the unmet needs that, maybe, they are not even aware of. Indeed, this led to a new treatment applicator, which is now being used by people with psoriasis all over the world.

Another example is in R&D, where we now specifically work to address the issues of different personas. We are very conscious, for instance, that a young girl who gets psoriasis in her teenage years—a time when she is concerned with her looks, thinking about a first date, and worrying about her education—will react differently from a 70-year-old man in the same situation. That is reflected in how we develop treatments and support these different types of patients.

To me, patient-centricity means being deeply entrenched in patient's needs, not just thinking about how to develop new products and new features. It means reaching out to patients and considering treatments that will help them in whatever situation they find themselves in.

The Quarterly: *How have you changed the culture of the company to reflect this thinking?*

Gitte Aabo: That is a huge challenge and clearly not something that happens overnight. We've done a number of things. Every employee who joins LEO Pharma, for example, meets a patient as part of the induction. And the incentive schemes for all senior managers are now split into three categories: patients, people, and performance—with patients being the one that has the heaviest weighting.

Other elements still need to change. Take our clinical trials. What does a successful clinical trial look like in a patient-centric culture? It requires a focus on convenience—ease of use—and on reported patient outcomes as much as on safety and efficacy, and it requires openly sharing the results. As an example, we have taken steps toward the latter with our commitment to transparency. We were the second company, globally, to commit itself

to increased disclosure of clinical-trial information. We are proud of that commitment but want to do even more.

The Quarterly: *Can you tell us about the LEO Innovation Lab? Why did you create a separate unit, and what is its relationship with the rest of the company?*

Gitte Aabo: The idea behind the LEO Innovation Lab has been to build and test digital technologies and platforms that will address areas the pharmaceutical industry typically overlooks. We wanted, above all, to create an environment that resembles a start-up company because we realized that the competencies we need are very different from what we find in many employees with scientific backgrounds. A company with a more than 100-year history probably doesn't have that start-up environment. Hence the decision to opt for a separate unit, with a different way of working that would attract people wanting to innovate in the digital space.

The Quarterly: *How did you decide where to locate the LEO Innovation Lab?*

Gitte Aabo: We felt it was important to locate the lab in the center of Copenhagen, where younger, digitally savvy people are more likely to want to work, rather than in the suburbs, where LEO Pharma is headquartered. And it was important to be in Copenhagen—not, say, Silicon Valley—so that we could more easily transfer all the insights we have in the company about the physical, social, and psychological impact of living with a skin disease.

To guide the LEO Innovation Lab, we have put in place an advisory board that combines people from the business in LEO Pharma with people well known within the start-up and digital space. The latter bring knowledge, experience, and networks to the table, but, most important, they set the tone for a start-up environment in culture and values.

Besides Copenhagen, we have satellite labs in the UK, France, and Canada—all markets where we have a very strong presence and close relationships with dermatologists, payors, and pharmacists. To reach out to patients, we need a deep understanding of the ecosystems surrounding them.

The Quarterly: *What results are you expecting from the LEO Innovation Lab, and how will you measure them?*

Gitte Aabo: In the first instance, we aim to develop specialized apps to give people living with skin diseases resources like dietary advice, beauty tips for psoriasis sufferers, and general ideas on how patients can benefit from their

interactions with healthcare professionals. We will have KPIs to track how many people with skin diseases use our solutions and continue to use them. We believe that the better patients are informed and understand a disease, the better they will be able to take control of it and adhere to treatment.

The Quarterly: *How flexible is the operating model of LEO Innovation Lab?*

Gitte Aabo: It's flexible in the sense that it's scalable. The lab operates a lot through external partnerships and hiring people with specialized competences on shorter assignments to work on a particular digital solution.

We've allocated around €60 million for the next three years and are already considering how to continue the initiative, and in what form, when that period is up. We want to strike a balance, ensuring that there is enough funding to have an impact, while not providing so much money that it discourages the sort of risk taking, pragmatism, and agility that distinguish the best start-ups.

I hope that some of the thinking applied in LEO Innovation Lab will rub off on how we run projects or processes inside the traditional, nondigital part of LEO Pharma. In LEO Innovation Lab, we have an innovation process that runs within 100 days—100 days from the point we have an idea to the moment we have a solution on the market. Although I would love to see that

GITTE AABO



Education

Earned an MBA at
Copenhagen
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Career highlights

LEO Pharma
(1992–present)

President and CEO
(2008–present)

Deputy group managing
director (2007)

Vice president and senior
vice president, finances
and IT (1999–2006)

Fast facts

Member of the board of
directors of the Danish
National Bank

kind of speed in my innovation process in more traditional research and development, that's not possible for many reasons. Still, there are elements that we can learn from and apply elsewhere in the business.

***The Quarterly:** With LEO Innovation Lab, you've been active in seeking innovation partnerships. What technologies are you most interested in, and what characteristics do you look for in potential partners?*

Gitte Aabo: We are particularly interested, at the moment, in the combination of imaging and artificial intelligence. Currently, general practitioners, or family doctors, have a limited ability to diagnose a skin disease. Studies show that only about 50 percent of eczema cases, for instance, are correctly diagnosed by these GPs. By combining imaging technology with pictures taken on a mobile phone, you can build up knowledge, over time, about what eczema looks like or what a melanoma looks like. We've recently invested in a company whose app to detect melanoma can provide as accurate a diagnosis, with images taken by an individual patient, as the best specialists.

***The Quarterly:** How does the legal and regulatory framework affect LEO Pharma's strategy?*

Gitte Aabo: The legal and regulatory frameworks reflect the credibility of our industry in the eyes of society. Credibility is crucial to the industry because a lot of people don't trust pharma companies. That's something we need to address and change in the coming years, and there's only one way to do it—by being transparent about our clinical trials and our other activities.

***The Quarterly:** As you look ahead, what worries you and what excites you?*

Gitte Aabo: One of the things that excite me is the level of access to information that patients now have, which will further increase. I believe this is going to change the whole dynamic of the healthcare system. We've only scratched the surface at the moment, but more information will have a profound impact on the physician's role, the patient's role, and our role as a company. Patients will have more decision power, at least when it comes to chronic diseases, and as a citizen I think that's a healthy development. It's also challenging because it requires a completely new business model, in which the patient gradually moves to the foreground.

The Quarterly: *Is it important for LEO Pharma to prioritize long-term success over short-term gain?*

Gitte Aabo: I think it's important for the entire pharma industry if we want to be perceived as credible and to run a sustainable business. In the years to come, people will increasingly select not just a pharmaceutical product but the company behind that product—and that's where trust is vital. That mindset is embedded in how we run the business and how we make investments. The fact that LEO Pharma is owned 100 percent by a foundation strengthens our ability to think and act for the long term and is closely related to our credibility. 

Gitte Aabo is the president and CEO of LEO Pharma. This interview was conducted by **Martin Møller**, a senior partner in McKinsey's Copenhagen office.

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