

*Innovation brings better healthcare to Canadians*

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Canadian Club of Ottawa  
February 15, 2005

Check against delivery

Thank you very much. Good afternoon ladies and gentlemen.

It is always a pleasure for me to visit Ottawa. I feel very much at home here having graduated from the University of Ottawa in 1975 and having worked in Ottawa for Merck Frosst as Director of Government Relations from 1989-1992.

Healthcare is an issue that touches us all. Each and every one of us at some point in time has or will need to rely on our healthcare system. We can all agree that the rewards for improving human health extend to the home of every Canadian across the country. It, therefore, comes as no surprise that health care remains the top issue for all Canadians.

As an individual, I want a healthcare system that can provide me, you, our families and all Canadians with quality care and timely access to services and technology in a cost-efficient manner. Unfortunately, our Canadian health care system has reached a point where an aging population, an outmoded health care delivery system and government budgetary pressures could compromise our ability to provide adequate public health care.

This obviously concerns patients, healthcare providers, governments, and the private sector. For patients, access to treatment is a key concern. Less than half of Canadians are satisfied with access at home and in the community. For healthcare providers, the concern has to do with the difficulty to achieve health outcomes within the current health delivery system. And for governments, managing costs is critical. Health care represents on average 45% of the total revenues of a province.

In the private sector, we are also concerned, especially those of us who are active in life sciences. If the healthcare system cannot integrate our innovations (pharmaceuticals or technology), we have no market for our inventions.

Ceci étant dit, un consensus existe à l'effet que le maintien des soins de santé est à risque et que cette situation n'est pas favorable au Canada. Des commissions fédérale et provinciales ont d'ailleurs bien documenté cet état de fait. Toutefois, la solution à ce problème est beaucoup moins évidente. Il serait probablement juste de dire que chaque intervenant, que ce soit les gouvernements, l'industrie, les professionnels du système de santé, les patients et les groupes de défense des droits des patients, peut avoir un impact profond sur la structure des soins de santé dans ce pays. Chacun de ces intervenants possède une partie de la solution nécessaire au maintien et à l'amélioration du système.

We need however to develop a strategy to align everyone and a very one good has been proposed by Dr. Henry Friesen, Chairman of Genome Canada and former president of the Medical Research Council of Canada. He said, "It's time to see our health system not simply as a provider of health for Canadians, but as a generator of wealth for Canada. The health and healthcare sectors should be viewed not as a cost to be borne, but as an opportunity to be explored."

Building on Dr. Friesen's view, I would suggest that innovation in the life sciences can bring better healthcare outcomes to Canadians in addition to increasing the wealth and prosperity of the country.

You are obviously familiar with how innovation in life sciences contributes to better healthcare. Medicines are an integral part of our healthcare system. The act of prescribing a pharmaceutical product is the most frequent medical intervention performed by physicians. Because of the high relative efficacy of pharmacological treatments, medicines can save or prolong life, shorten hospital stays and improve quality of life in providing better care for patients. The total cost of the medicines we develop represents less than 10 per cent of the total healthcare cost.

Each year new medicines are introduced that range from incremental improvements to spectacular medical breakthroughs. We are proud of our accomplishments. But, the need for novel medicines for unmet medical needs is still great.

What you may be less familiar with is how closely related innovation and wealth creation are. Knowledge-based industries, which include the life science sector are key drivers of productivity, economic growth and improvement in standard of living.

When you look at the relationship between the innovation index of a country and the gross domestic product (GDP) per capita, you see that innovative economies are the most prosperous.

Knowledge-based industries in these innovation economies account for a disproportionate share of economic growth. They achieve this by increasing quality of goods and services, increasing productivity in other sectors and increasing revenues of firms and income of consumers.

Canada captures one percent of worldwide R&D investments yet sales in Canada represent about two percent of the worldwide pharmaceutical market. This means that we could double R&D investment in Canada to get to our share.

There is strong worldwide competition to attract the global life sciences R&D investments. There are good reasons for attracting these investments. Innovation-based are among the economic sectors with the greatest leverage in terms of the creation of collective wealth. Each dollar invested in life sciences research contributes \$2.50 to the region's GDP.

Comme vous le savez peut-être déjà, le gouvernement fédéral s'est fixé le but de propulser le Canada parmi les 5 premières économies mondiales d'ici 2010. Cela se mesure en pourcentage du produit domestique brut en dépenses de R et D. En atteignant ce but, le Canada serait beaucoup plus prospère et notre niveau de vie serait plus élevé, de manière significative.

This goal has been translated into specific targets by Dr. Douglas Barber, a professor at McMaster University, who conducted a study for the Information Technology Association of Canada. In order to achieve these targets: we would need to spend over 3.1% of GDP by 2010 or almost twice the level of 2001 of 1.9%, the public sector would need to

at least double its R&D investments to which it committed and the private sector would need to grow by 2½ times. This is a tall order.

To assess the feasibility of these targets, Dr. Barber looked at the number of innovation-intensive companies in Canada. He was surprised to learn that the number of innovation-intensive corporations, on which Canada's ability to move into the top 5 innovative economies, depends on a group of about not 5000, not 500, but 120 companies! We can count them and we can even name them! They are primarily in the fields of I.T. and biopharma.

In order to take Canada to goal, these companies would have to increase their revenues by 15% each year and invest 13% of revenues annually on R&D. This is feasible if we have the right strategies.

Premièrement, nous devons tous reconnaître que nous ne faisons pas partie d'une course dans laquelle la Colombie-Britannique, l'Ontario et le Québec se concurrencent mutuellement. Nous faisons partie d'une course globale pour attirer ces investissements et les principaux joueurs se trouvent au Massachusetts, au New Jersey, en Californie, au Royaume-Uni, au Japon et en Suisse. Deuxièmement, nous devons comprendre les meneurs des économies de base dont nous voulons faire partie de façon concurrentielle.

In the biopharma sector, we need a productive innovation system which includes the following: the existence of a solid science base, availability of qualified scientists, presence of productivity enablers, access to capital and protection of intellectual property. And we also need an attractive commercialization system which includes market access, fair price and rapid regulatory agency approval. Finally we need a set of adapted, consistent policies which create a stable and predictable environment.

The Federal government and provinces need to work together to develop a national strategy for innovation. Québec already targets the biopharmaceutical sector. Ontario and B.C. target the biotechnology sector. This provides the right context for a national strategy on innovation which targets the life sciences sector.

In 1985, the main industry in San Diego was defense. As the government was reducing investments, the region had to find an alternative. They had one biotech company and a few research centres. They chose to target life sciences and in 20 years built the most important life sciences cluster in the world.

We currently have in a Canada a difficult economic situation with an aging population, an outmoded healthcare delivery system (which requires for 45% of the provinces' revenue) and our traditional industries base is not competitive (China/India).

We need to act now to define the sector of our future economy.

The life sciences sector represents one of the rare growth vectors that makes it possible to benefit from a competitive advantage and that has strong positive trends.

If we act now, Canada can benefit from economic spinoffs and quick access to the most recent drug treatments. We can achieve Dr. Friesen's vision that healthcare is not a cost to be borne but rather an opportunity to be exploited.

In closing, I wish Canada good health and prosperity. They go hand in hand.