



HL INFLUENCERS: DIGITAL TRANSFORMATION TRANSCRIPT

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Leo von Gerlach	Hello everybody and welcome to another edition of The Influencers, our podcast conversation on digital transformation and law. I'm Leo von Gerlach, and with me today is Franziska Janorschke, head of data privacy at Novartis. Novartis is one of the world's preeminent pharmaceutical companies with a very, very strong track record in pharmaceutical innovations and innovations in other fields. Hi, Franziska.
Franziska Janorschke	Hello Leo. Thank you so much for having me.
Leo von Gerlach	Before speaking about Novartis' use of advanced technologies, a question about the team that you are heading, the data privacy team. What is your role and responsibility and how does this compare with other teams and their roles regarding artificial intelligence? Where are certain demarcation lines between your team and others?
Franziska Janorschke	I think our senior management, two and a half years ago, has been really forward thinking. Because since many years, we have a mature data privacy function here at Novartis in the age of AI. And the use of data, our senior management really thought hard how to put some guardrails and safeguards in place, so they decided not only to take the data privacy function from legal into our ethics, risk, and compliance function, but also adding digital and AI compliance to it, which at the time was novel. But we also realized that the moment we apply AI, we are not only using data, but we also have to have some governance in place in order to make sure that we do what is right. And the most logical aspect was to add it to data privacy because we go with the use of data. I believe we have shown that we can do governance; we provide risk assessments, we provide privacy assessments to the organization for projects that they have in mind. So it was probably a logical next move to bring it here. And we go by principles. And also you know, our thought was we could basically connect it to the good work we do in the privacy field already, and also ensure we are asking the right questions, and run our risk assessment when it comes to AI solutions and our organization. So ultimately, two and a half years ago, this decision has been taken and now if you follow the privacy landscape and you know where our

	<p>privacy associations are navigating to, it's not just privacy anymore, but it's really the use of data -- the ethical use of data, AI compliance aspects, and risk attached to it. So we believe we are in the right place. From a very practical angle in the organization, we clearly have to collaborate because historically data, the use of data and of course technology, heavily resides in the governance of our IT function.</p> <p>For us it's data, digital, and IT, so it's DD IT. And this is basically where we spend at the moment, 50% of our time, if not more. We do collaborate very closely with our AI strategy office, because first of all, you have to think about the opportunity, where do we work in AI, where do we apply AI, where do we invest in AI? So the strategy folks, and then of course, the first line. We work with commercial, we work with research and development to understand where they're navigating to and how we can come on board not only when they have decided they want to go with a certain solution, but already in the ideation to maybe identify issues. Because we have prohibited aspects and from a risk management perspective, we will never be able to apply such an AI solution-- not to come at the very end, but already in the early discussion.</p> <p>I do believe communication is a very important function because it is an awareness topic. AI it is a topic where people are anxious, and maybe even fearful, because they really don't understand. So a big chunk is to bring the topic closer to our people in the organization. We're not looking into AI solutions and research and development, but it's also about productivity. We do have AI agents in place helping us, to become more efficient when we write emails or when we prepare presentations to senior management or to the organization. So this muscle has to be built. And finally other functions as well. It's our HR function, we call it in the meantime "People and Organization." It's an awareness topic. It's a capability topic, and we work very closely to bring the topic closer to our people. We provide training courses, we can be very basic, but we can also be very detailed when we talk to experts in the field to not only deploy, but maybe also develop AI solutions. Maybe I stop here and I might wait for the next question.</p>
Leo von Gerlach	<p>Wow, this is a wonderful question, there are so many things in there about the commercial aspects: strategy, communication, psychology, and organizational issues. But perhaps let's go back to the beginning of what you said, and then we take it in stages. So I understand privacy now sits under ethics, risk and compliance, and that is obviously an area that is very close to old technologies in terms of self administration. Are there any technologies you use for that function, either in your team or in the wider space of compliance, risk and ethics?</p>

<p>Franziska Janorschke</p>	<p>I will be very honest. At Novartis we don't have it straight yet, right? We are still an exploration mode in the research and development field, and I guess since many years we are much more advanced. In the commercial fields we explore and the same goes for operations and our support DNA functions. And particularly for our ethics, risk, and compliance function, we are still sitting in the ideation where we can apply AI tools in a very practical manner. And the most obvious, I guess, we provide advice. We provide business partnering, we continue to think about the checkpoint solution, right? We have many policies in place. We give a lot of guidance and sometimes people feel it's difficult to navigate all of that. And even our people in the field in our function they can, you know, appreciate once in a while if there is a solution that can help you navigate to the aspect that you need to know at a certain aspect of time. And then if you think ahead, you know for us, we do risk assessments. We do risk assessments for privacy as we now do risk assessments for applying AI solutions. So of course, we think about how can we make our work more productive? Do we really have to use a brain and a pair of eyes and a pair of hands to assess a certain situation? So we are exploring to alternate a little more our risk assessments, which also bring, I guess, some efficiency and alignment. So those are clearly things we are looking into. If we can have an AI solution that looks into the potential contract, and maybe even the profile of the project, that people have in mind and certain other factors and can give you an idea is that a low risk project, is that a medium, is it a high risk? And if it is high risk, what other things do we have to keep in mind? But I also want us to be careful, right? I'm very much into the human-centric approach when it comes to AI solutions and having AI checking AI risks. There is a certain aspect, I think, where we have to still sit in the driver's seat and use the human brain capacity to start with on what we want to achieve, ultimately to the results that we get out of such an AI solution. But back to your question, we are exploring various avenues at the moment, where we ourselves can apply AI solutions to bring our work to the next level to become even more efficient and productive in the output we generate. And transactional activities, you know almost administrative activities that a lot of us still do, to maybe get the help of an AI solution. In order to concentrate more where we create the impact, which from my perspective is to sit with the first line to really have meaningful discussions on what they have in mind and support them in coming up with the right solutions.</p>
<p>Leo von Gerlach</p>	<p>You spoke about the use of digital technologies for your own department and data privacy. And then you touched on the use of artificial intelligence for other related departments. Who does the oversight of all this? Who coordinates this? Is this your team? Does your team contribute to this oversight, or is there yet another function? Or is this kind of flowing or in the process?</p>

Franziska Janorschke	<p>I think you're asking a very important question. And I remember when I accepted this job 2 and a half years ago and clearly not an expert in the topic, one of my very first question was like, okay, if we try to provide AI compliance to the organization, can one give me an overview on where we're applying in AI? And it was impossible because it was scattered, and it was different teams being involved in all of that, so one of the first things that got very clear to me and the team in the beginning was that we need governance. And I know governance sounds very strong, but a company of the size of Novartis needs to understand how we go after right. And for me, it was very early clear that we cannot own the AI topic for Novartis. This is clearly its first line because at the end of the day it's creating outputs and the good results we need to have. So for us the driver seat has the business, the first line, and we have established various steering committees. Because we are organized in divisions, right, in units and [the one we] want to start with is clearly research and development. We have a dedicated steering committee, which is chaired by our CEO, and where we have the respective research and development heads participating. But of course other functions are also involved where they debate. For the business case, use cases, we have in the research and development field since a couple of months, I would say half the year now, we have the very same for commercial because we are researching, developing, manufacturing but also commercial pharmaceutical companies. So our products have to come to the patients. So also in the commercial field we have established a commercial steering committee, again the CEO chairs it. We have the division heads there, base it and the idea is saying "where do we want to play, where do we invest, what are our use cases." The same happens for operations and us in the DNA functions where we support the business and finance in HR. In legal compliance and ... what am I missing? Maybe communications as well? And so we have different governing bodies that roll up to the Executive Committee of Novartis, which ultimately will take the decision on the goal. But then we have the responsible AI part. And obviously if the first line has all those nice ideas, how do we come into play? And this is basically where we jump on existing governance that we have created around data privacy already. So whenever the first line is engaging in a new activity and a new object they have to register that, and it's mainly sitting in our IT function because most of the time it comes with the technology solution. So this is the hub where they go in and say, hey, I have this in mind and they call it our "e-classification" tool, but this is where all our processes come together. We get triggered the work that we do and we come on board. And provide, indeed, business partnering risk assessment in assessing the certain projects they have in mind and helping them navigating the risks we need to identify if there is a high risk solution. We have not seen and I want to put that out, prohibited AI solutions yet. And we were also not sure how many high risk AI</p>
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	<p>cases or AI solutions do we see. And I would say we navigate between 5 to 10% maybe and the rest is medium low risk. But for us it is really important to get on board and help. Assessing the risk and helping the business navigating the risks once we know what it is about and help them to come to the result they wished and had in mind.</p>
<p>Leo von Gerlach</p>	<p>It is obvious that you are very very advanced in terms of the governance of where all these technologies are deployed in the different fields. Let's stay for a second with the first line of application. So you touched so many fields like commercial organization, research and development, and patient care. Can you name some very important areas of deployment? And some experience that the organization has gained through different ways of deployment AI solutions.</p>
<p>Franziska Janorschke</p>	<p>I mentioned before that Novartis, since probably 20 years, is looking into how we use data, how we analyze data, how we apply AI when it comes to research and development of novel medicines. And for us [that's] the big use case. And I guess for any pharmaceutical company, [it] is research and development. It's basically how we identify the new molecules that ultimately will bring cure and care to the patients. It is really historically from the idea of what we could research for and develop and manufacture and commercialize. If we were able to reduce the time it takes, and right now the average is between 10 to 15 years, rather on the 15 year side, when a researcher has an idea to come with certain medicines and if we were able to reduce that just two years, three years, maybe five years, and we have to see because of course now it is in the making and we need to see how we can expedite all of that. But this is the heavy use case for any pharmaceutical company here in the world and on the planet. And this is the ultimate goal for us. Second, when we think about research, but even more development, it's more research, clinical trials. Clinical trials for those people not working in the field are very complex situation. We don't manage them ourselves. We do have hospitals. We do have healthcare practitioners, doctors, running clinical trials for us also because we have to stay away from patient data. And so how we recruit patients for clinical trials, how is the whole logistics managed on putting in data points, how do data points come to us? Usually of course anonymous because you know we want to stay neutral. We don't need to know about personal information of patients, how you select the right clinical trial sites, the hospitals and all of that. There is a lot of ... and I don't know, brain work is still needing to be done in the past. Where we now believe AI would make such an acceleration of time also of quality, right? Human mistakes are something that happens. And you know, this is the health field we really want to make sure that nothing goes wrong. And those are the big fields where we are looking into and the rest I guess all the things we do in</p>

	<p>commercial, everything we do for our support functions is a productivity gain, which ultimately independent if you are healthcare industry and corporation. Or if you, you know, work in automotive or whatever it is. Those are more, I guess, the standard opportunities that come with AI, but for us it's again, it's in the research and development field.</p>
<p>Leo von Gerlach</p>	<p>I mean, as you mentioned, clinical trials are obviously a very, very important area of attention. And I would also assume that's an area that plays to your strength because it's very close to data privacy and probably an area where AI governance and data governance are very strongly aligned with one another.</p>
<p>Franziska Janorschke</p>	<p>Absolutely and any data scientist listening to the podcast will probably tell me off, but I very often use. I don't know. Is it a visual? But to tell people, look -- and a lot of people still are anxious about the topic at the end of the day -- we don't do things significantly different just because we apply AI. What happens is that an algorithm will help us to accelerate how we can use or amplify how we use data and get readouts of the data points. So in this regard I feel like for us as privacy experts on how we have navigated the past and how we ensured safeguarding of the use of data and personal data obviously is something that stays and with the work that we do now on AI compliance, AI governance, we put another, I don't know, safe net around this use of data. And make sure that the good starting points we had and understanding of what data is about and what we can do. Also, is taken to a next safe level. This is how I probably would describe. It's not novel, it is a new software that makes things faster, which requires us to know our data points. Which requires us to make sure that the quality of data we have at hand and use is the best we have to understand the data flows in our organization. If we want to make sure that we apply AI in the right way. And those are, I believe, basic requirements we should have had even before the AI hype started maybe two years ago with, you know, the whole ChatGPT discussion and how it can help all the work that we do and some risks attached with it obviously as well.</p>
<p>Leo von Gerlach</p>	<p>So staying with this image of the safety net that we need. The data and the analytics and the algorithms that have a strongly legal side as well, and there's a lot of talk about the rigidity of data privacy regulation, AI regulation in the European Union. Would you say that is a disadvantage to a corporation that sits, let's say, within the wider geographical field of Europe? Or is it something that is perhaps even just helpful as some within the European Union might try to purport so what's your take on the role of regulation?</p>
<p>Franziska Janorschke</p>	<p>I would clearly say for us it is not a competitive disadvantage. We clearly come from the positive starting point. We often get asked because we have established already an AI risk and compliance</p>

	<p>management framework. Here in the company, and we often get asked like, “Okay, but how do you make sure that you have all the laws and regulations in mind and how do you make sure that you safeguard with the use of AI?” I can say for us the EU AI act was always the North Star and historically we are a Swiss-based company, but at the end of the day, EU regulation is something that we have to keep in mind, and maybe in Switzerland it takes a little bit before it gets adapted. But for us clearly this is direction we're going by the way. We have done the same with GDPR, so for us this was the North Star on how we have established our privacy framework here as well. So in EU AI act was something we felt that if we go with this idea, we are able to navigate the global environment Novartis operates in. And of course China and the US are very important markets for us, and we're going to see losses by the legislation, by the regulation coming out of those markets. But we believe if we go with this approach that we have decided for we will be able to navigate --of course we will have to make sure that we comply with the local situations -- but we do believe that the parameters the EU has put in place on how to safeguard not only the deployment, but really also, you know, how we come up with AI solutions was probably one of the safest measures and the human-centric approach. The respect for not only the companies developing AI but also the individuals and society are parameters that for us, as Novartis are very close to our heart and this is why we decided to go this way and hope that we can go there. The topics around bias the topics around fairness, transparency, accountability are all well embedded in this regulation and we believe that's the right course of action for us to take.</p>
<p>Leo von Gerlach</p>	<p>Surely your response will make a lot of legislators and [voters] very happy. So your words and music to their ears for sure, that being so, would you have any specific plea or request, for the legislators, either in Brussels or elsewhere?</p>
<p>Franziska Janorschke</p>	<p>I have worked in different parts in the legal and ethics risk and compliance field for many years: whistleblowing, internal investigations, and with some legislation coming this way and now also with the UI AI act in the AI compliance field. For me it would be really important that we also have a way of shaping the legislative or regulatory environment in the industry that we are operating. Right now I'm sensing [that] it is very heavily focused on how AI gets out, and basically from the people generating AI solutions, I think you know where we deploy AI. Because very often they're going to take AI solutions on board. I think that is something. Pharmaceutical environment, is research and development. It's a different field and we have we known the exemption for some of the research and development activities. I can see that all but generally I wish that we as an industry also take the accountability and the responsibility, trying to shape the regulatory environment. And the expectation of</p>

	<p>the regulators even more, and even better to also have a voice around the table and the relevance it has or certain decisions have for us, you know, to be workable at the end of the day and allow us to also succeed with the things we had in mind when applying AI solutions. I know. I'm sorry. It was a little complex.</p>
Leo von Gerlach	<p>But no, not at all. I think it is absolutely terrific, incredibly insightful, and I must say, really, really inspiring because you have really, really moved a lot with and at Novartis and it's really good for our audience to hear that with that, I really thank you for that wonderful contribution, Francisca. It has been really, really great. And I thank you all for tuning in and I hope you join us again for the next session of the influences that is coming up soon. So take care. Goodbye.</p>