



THE INFLUENCERS: DIGITAL TRANSFORMATION

TRANSCRIPT KNUT MAGER

Leo von Gerlach (00:24.4) Welcome everybody to another edition of The Influencers, on digital transformation and law. I'm Leo von Gerlach and with me today is Knut Mager (00:34:2). Knut has a long and broad experience in different roles in the pharmaceutical industry. Currently he is the general counsel for Data Products of Veeva Systems. Knut, welcome!

Knut Mager (00:47.0) Hi, Leo! Thank you for having me.

Leo von Gerlach (00:49.0) Pleasure. May I ask you, just tell me. After three decades in the pharmaceutical industry you've now moved into the realm of software and data industry. What's the story?

Knut Mager (01:01:7) Oh, that's quite simple. I believe we all experience how technology's shaping our daily life, so it's really changed a lot, and it's also shaping business models. So at the same time the value proposition of data changed with it, so I don't think there are many places that would be as exciting as Viva at the moment, and I'm happy to be part of it.

Leo von Gerlach (01:26.7) Tell us a bit more about Veeva.

Knut Mager (01:30.0) So Veeva was founded 16 years ago in California. It has grown into a multi-billion company with now 7,000 employees. So it's really hyper growth. And our vision is to build the cloud for life sciences, and through this focus on life sciences I feel that I can still contribute to the purpose of pharma, which I love so much. So the purpose of pharma is to improve and extend peoples' lives always made me proud.

Now at Veeva we still continue to this purpose, but we do it in a different way. We do it through software, and software that's through products or commercial cloud, where we are market-leading, and our development cloud.

And then in addition to software we offer services in consulting and we are providing data products.

Leo von Gerlach (02:20.7) And it's the data products that you are responsible for, right?

Knut Mager (02:24.5) Yeah, exactly.

Leo von Gerlach (02:25.5) Can you tell us a little bit more about this specific aspect of your business?

Knut Mager (02:31.0) Sure, it's basically two lines of products. They're called Open Data and Link. Open Data is a reference data product for the life science industries. Now, reference data is just like a gigantic phone book of all kinds, so it relates to professional data. It helps out professionals and decision-makers in health care. So health care professionals who are also called HCPs are physicians, nurses, pharmacists. So the database contains contact data and also some other attributes like affiliations with health care and situations for instance a hospital. And this is all publicly available data and it all relates to the professional context of the health care professionals and not to their personal lives.

Anyway is this data important? It's important for the pharmaceutical life science companies to structure and to manage their interactions so their medical and promotional activities. They really need to know to whom to provide medical and scientific information, promotional content.

And then the other product family that we call Link, those are more deeply curated data products. For example one product in the Link family is called Key People, and as the name suggests it's about key people. So it contains more information about a subset of healthcare professionals and those are physicians that are key opinion leaders. We call them KOLs.

Now also this product is based on publicly available data, it's also strictly on professional data, but it includes richer data sets. So it contains the publications of a KOL, their tweets, Congress contributions, clinical trials that they participated in, their focus of research, other KOLs that they collaborated with. And so it helps the industry to find those KOLs that they can engage with when they want to foster their research and development, or when they want to create scientific content.

Leo von Gerlach (04:36.4) So, from all you say it's clear and easy to understand why data is that relevant from the business perspective. But now from the legal perspective, so what's in there for a lawyer? What makes this juicy and interesting?

Knut Mager (04:52.9) Ah, it's very interesting, actually. So for one, there is interesting commercial legal content. So think about providing the data. Data licenses are not reviewed. They are really complex contracts and they require very, very thoughtful drafting and they also require the knowledge of a variety of legal areas and specialties including IP. But I would say the most interesting are, I could really say exciting, is the legal complexity of the data regulations. So that's questions like, what type of data can I use, if I find data on the internet, it's publicly available but Mager it doesn't mean that I really can use it. What about copyrights? What about other protections, what about limitations through terms and conditions and what about protection of personal data. But then there's also the other side, what's the impact and

opportunity of Freedom of Information regulation, what about regulation that I need to insure the access of patients to care and so on and so forth. So it's really a lot and it's an area where as a lawyer I feel that I'm not really providing the service. So I am a business partner, of course, here to help close deals and protect the business interests. But that's not all. I really need to be part of the product team. So I see myself more like, um, as having a design solution as a lawyer who is also a designer of a product, so as a production function, I think I'm part of the product team.

Leo von Gerlach (06:35.1) Can you make this a little bit more concrete or can we drill down on that aspect even further?

Knut Mager (06:42.6) Um, yeah, let me try. So take open data, for example. So I explain this basically a phone book, right, a rich address list. So that sounds like a very, very simple product. However, just imagine it contains 10 million to date, 10 million data sets. So that's reference data, professional contact data, affiliations of 10 million healthcare professionals. So I think this plan sounds already a bit more complex. And now some of those healthcare professionals, of course they change roles. They move to different work places or different hospitals. Some of them retire, some change their names, some may just enter the profession as physicians. So it's a phone book but it's a very, very large one. It's dynamic and it needs to be maintained and curated constantly and that's because data quality is extremely important. Wrongly contact information can create huge, huge inefficiencies and can cost our customers a lot of money.

Let me phrase it the other way around. It's data quality that's important because the resources of our customers are not being wasted. So providence of the data, where does the data originate from, what's the lawful source is important but also maintaining the qualities with constant curation and we do that so receiving the data or finding the data the first place and keeping it at high quality and through a combination of technology and a lot, a lot of manual work and the manual work includes independent verification, direct verification of the data sets and to do that we employ several hundreds of data curators. So it's a lot of technology but also a lot of manual work. Now the manual work are all this activity, needs to be based on generalized legal guidance, right? We need to write the SOPs for all these curators and to add to that complexity, open data is not just one country, one jurisdiction product. It's our ambition to build a truly, truly global product. So the curation process needs to be guided currently across several dozens of countries with different languages, you have different naming conventions, you have slightly different health systems with different medical specialties and then of course you have different legal system, you have different legal traditions and those translate into very different practical rules and laws that need to be followed. Just to take one example which I think is always on top of mind when you deal with data, which is data protection. So data protection regimes, indeed the legal basis on which it can process personal information are very varied in the GDPR

region, for instance, in Europe. We base our processing on legitimate interests. And that's our legitimate interest to run the type of business that we are running to facilitate into action in the health system and the legitimate interests of our customers to reach healthcare professionals and to interact with them. So as a result of that we need to notify the HCPs in a very specific form to be transparent. But then however, in other countries, we may need to collect consent because legitimate interest may not be available as a legal basis.

And now the requirements for vetted consent, they vary in the countries. So this is a lot, a lot to do and to consider for a lawyer.

Leo von Gerlach (10:39.1) Well, I mean with all that complexity, how do you keep track of the differences, the synergies, the intersections of these various aspects of fast moving business and technology?

Knut Mager (10:54.2) Well, the honest answer is, as an individual, I cannot keep track. At a general level, of course I may be able to keep track but not at the detailed level and I would even say it would be almost foolish to have the ambition to be in every detail in every country. But, of course, as an organization, we need to have exactly this ambition, right. We need to understand the details and we need to keep track in order to be compliant and that's one of our key values, is to do the right thing. So, it's all about honesty and integrity. So, we need to and we can develop a good understanding of specific local requirements but we really need to do this with outside counsel. We can't do this in-house. And just to share, I mean, that's an approach I really, really had to get comfortable with, because I used to work in companies with very large local footprints with plenty of strong in-house lawyers and, in fact, I have been responsible, for several years of my career, to develop such country teams. Now, Veeva has also strong in-house lawyers, but it's a hyper growth country. So, the legal team is constantly stretched. It tends to be clustered more in a few jurisdictions, doesn't have the same footprints, and, as a consequence, we simply cannot do in-depth legal analysis in-house across many jurisdictions. So, therefore, we need to work with outside counsel. And what I discovered is that the art—and it's really an art—is to find a firm that has a good footprint, either through our own offices or a good, strong network of local best friends firms, and then the firm that you work with—or we work with—needs to take accountability for consistent quality, needs to be very practical, has to understand the business models, needs to limit itself to providing answers to just limited questions, so not oil in the ocean, and do not provide answers that lead to more questions. So, we really need to help in understanding the details, and then it must be commercially feasible for us to work with them, and I understand that it still needs to return a profit to the firm. So, it's really an art. And there are not too many firms who can do this type of work. So, in particular in data and technology, you, for instance, Leo, you're part of a firm that is able to do that. But, again, there are not so many who can do that with the depths, the scale, the understanding of business objectives, the understanding of

technology, and the sending of data, digital regulation, health systems regulation, and then across many countries. And then maybe—I should add—I don't want to create the impression I would outsource fundamental legal judgment. So, these judgment calls are always in-house. So, while outside counsel can provide the analysis, the translation then into product development—what does it mean for product development in operations? That always needs to be the accountability of the in-house team, and it's my accountability, actually. So, organizing to receive the answers in a cost-effective way, necessary externally translated into internal guidance. So, back to your question: how to keep track of the differences or to sum it up? So, with the existing laws that effect out product in the various countries or where we want to expand the business, we can manage that with outside counsel. So, that's on the existing laws. But that's really not my biggest concern.

Leo von Gerlach (14:39.9) First, to put a marker down, this is very, very helpful guidance and advice for everybody just working in law. So, thank you for that, Knut. But, if that is not your biggest concern, what is actually your biggest concern?

Knut Mager (14:52.2) Well, it's maybe not one biggest concern. I would say it's probably three, and they have similar weight. So, I would put, first, the inconsistency and interpretation and the application of the law. Then, second, I would say it's the over-regulation, particularly in data and digital. And then, the third one is what I would call a widening capabilities gap.

Leo von Gerlach (15:18.1) Wow, that's quite a lot. Can you unpack that a bit for us?

Knut Mager (15:22.8) I will try. So, the first one—inconsistency—that's pretty simple. And, here, I can just stick with GDPR that we used as an example before. So, GDPR is a regulation in the EU. So, the objective is it's one consistent standard in the EU, right? One law. But, what we see in practice is that the law is really inconsistently applied by the regulators in the member states. And the alignment and consistency mechanisms that are built into the law or into the practice, they are not as efficient and effective as I believe the lawmakers have hoped for. And, so what happens is, for all practical purposes, the alignment happens through the court of justice of the European Union, not at regulator level, and that takes time. And, in the meantime, until you have a court decision, everyone has to operate in the space of uncertainty. And, now, of course, you may say, "Well, that's always the case. You have a new law. It's never always black and white and clear. And then it's the court that has to provide clarity." And, of course, I agree with that. But, what we observe in the case of GDPR and maybe because the law is overly complex, maybe because it's unnecessarily ambiguous, and, therefore, we have more uncertainty. And I believe the regulators, maybe they do not cooperate at the best level. And then, by the way, I would lump this all to the concern over diverging systems, not only in the

EU, but also if looking at what's happening inside the U.S., and then what happens between the U.S., Asia, and Europe.

Leo von Gerlach (17:14.7) So, does that kind of mean that over-regulation is a very significant concern for you?

Knut Mager (17:21.5) Yeah, I think so. So, I mentioned this as the second one. And maybe the divergence of legal systems is less about uncertainty and is more about over-regulation. I think you're right, in particular when you take a global perspective. But when I was referring to over-regulation earlier, I was thinking more about all the data and digital regulation approaches that you see, for instance, in the EU alone. The Data Act, the data governance, the DEI Act, the Digital Markets Act, the Digital Service Act, European health status base, e-privacy regulation, and so on and so forth. And, I must say, I find it really hard to put all—and I think it's hard for everyone—to put all these initiatives into perspective and understand how they will, in practice, impact each other as regulations and how that will impact technology and business and society and individuals such as that. And we see similar approaches outside of the EU, as well.

Leo von Gerlach (18:24. 1) Let me go back to a point you made earlier about the capability gap that you mentioned. Can you explore for our benefit a little bit further?

Knut Mager (18:34.4) Yeah, that's the third concern I raised, and it's an observation that I've been making now for a few years. Technology moves fast. We all experience that. Business models are changing with technology also as a fast space. And then business models and technology often built on collaborations and innovations of many, many different players. It's usually not one company. And law and regulation does not keep track with the speed of change. And a law probably will always lag. It lags because the discourse in society and in the parliaments that lead to new law, they take time. But I think we'll be aware of the fact that it will be increasingly challenging for any individual lawmakers or people who participate in the discourse or for regulators—and these are all people—or for government advisors, as individuals, to understand the impact of the new developments and have meaningful conversations. And, sometimes, I believe that what we see in terms of frantic regulation, in the EU that I've described this plethora of new laws, that this is a reflex of the system to try to get control of something that is very ill understood and that will continue to be ill understood in terms of its potential interests, and that's just inherent in the speed of the development.

Leo von Gerlach (20:08. 1) That brings us almost into the philosophical realm, Knut. So, perhaps, let's try to translate that. What that would mean for the legislator and perhaps also for a practitioner in the business of law.

Knut Mager (20:23.4) Yeah. I think I would argue that it's probably time to rethink—and I don't know whether a practitioner can do this alone or a regulator can do this alone—to rethink the regulatory approach and to work more towards what,

in the policy discussions, is referred to as constructive engagement. So, these are different forms of interaction. So, like, for instance, regulatory sandboxes, where regulators and companies work together to understand the impact and the risk of a new approach before it's probably rolled out, and that can be impact at risk of a technology or of a business model. And, in the sandbox, they explore together the impact on the individual, on society, on economy. And all of this is done with a learning mindset. So, it's based on the understanding that no one—not the regulator, not the innovators—have perfect knowledge or insight. So, therefore, learning is required, and learning then requires to be open. So, that would be the innovator to explain what they want to achieve, and, on the regulator side, to be open to listen to the explanation, and then for both to be open to have an interaction and to understand each other's perspectives. I had the chance to experience this approach in a sandbox which was run by the Information Commissioner's Office in the UK, and I found it very enlightening and fruitful, and I read that there are also good experiences with this approach now in Singapore. So, I believe this form of constructive engagement that can lead to real-time regulation of key risk, that this will take ground, maybe. And I think it would be much, much more practical, it would be more current, it would be less complex, and it would build on different perspectives and competencies as opposed to the current approach.

Leo von Gerlach (22:32.9) I love all those concepts you just mentioned. Open interaction, learning mindset, constructive engagement. I mean, wonderful concepts. A little bit into the utopian side at the moment, but, clearly, we try to work towards them, and I think that's a very positive note to end our conversation. So, Knut, thank you so much for your wonderful contribution. That was terrific.

Knut Mager (22:58.9) Oh, thank you very much for having me.

Leo von Gerlach (23:00.9) Oh, most welcome. And thank you, everybody, for tuning in again, and join us for the next edition of The Influencers on Digital Transformation & Law. It will be coming soon. Take care. Good bye, everybody.