

FAQs on SAKK's financial situation and its restructuring plan

What is the current situation?

SAKK is suffering from a structural financial deficit that would lead to insolvency within a year if radical corrective measures were not taken. Radical measures to reduce the structural deficit over the next five years must therefore be taken as a matter of urgency, in the context of a restructuring plan.

Will patients be disadvantaged?

Care continues to be guaranteed for affected patients receiving treatment in trials. If we have to close trials, however, the gain in knowledge will be delayed – which may of course be detrimental to patients and science alike.

How did this situation arise?

SAKK took the strategic decision in 2015 to expand, conducting more trials and increasing the number of patients involved. Since then, in consequence, many new trials have been acquired: the number of pending trials rose by 55% between 2015 and 2019. Many of the approved trials are academic or patient-oriented, with no funding from the pharmaceutical industry. SAKK overestimated the volume of funds it could raise from third parties to meet the financial requirements for these trials, resulting in a constantly growing deficit.

What led SAKK to increase the number of pending trials so significantly in 2015?

This decision had two underlying factors. One was the dramatic acceleration in the pace of innovation in cancer research, which inevitably increases the number of trials that ought to be conducted. The other was that SAKK wanted to give as many patients as possible access to innovative treatments.

Would that decision now be regarded as wrong?

It wasn't wrong. We wanted to enable as many patients as possible to receive innovative treatments, but we overestimated the volume of funds we could raise.

When did you become aware of the problem?

In November 2019, though we underestimated its magnitude. This is why the immediate action that we took was not sufficiently effective.

What have you done to prevent something like this from happening again?

We have switched to a project budget system covering several years, which increases transparency in comparison with the old one-year budgets and puts us more in control.

What are the consequences?

SAKK must drastically cut its expenditure next year. We have set out the cornerstones of a restructuring plan that was adopted by the SAKK Board on November 3, 2020. The restructuring plan provides for reductions in the following areas: reductions in contributions towards hospitals' increased expenses due to trial activities (e.g. staff and infrastructure), a reduction in trial activities (closures and suspensions), and unfortunately job losses at the SAKK Coordinating Center.

Why are these measures so drastic?

If they were not, it would not be possible to emerge from our financial difficulties and stabilize SAKK within the required period.

There will be redundancies. How many employees will be given notice?

A large number, unfortunately: we have around a hundred employees, of whom 26 will lose their jobs.

When will they be given notice?

From November 30 to December 2 this year.

Is there a severance scheme?

No, SAKK does not have the funds for a severance scheme.

Are there no other possibilities?

Unfortunately not. Structural deficits must be combated with measures on the expenditure side, as there is no remaining potential on the revenue side and planning is difficult. Even so, we are holding intensive discussions with partners about additional funding.

Who is liable?

The association is primarily liable with its assets for losses incurred.

How long will the restructuring phase last?

The restructuring must be effective in the long term, so it will take several years.

How will SAKK avoid the need to be restructured again?

We are introducing a new project-based budget process extending over several years, and we shall introduce a new planning and reporting tool in 2021.

Are you optimistic that the restructuring will succeed?

We believe the action we are taking will put SAKK back on track in financial terms and keep it there in the long term.

Can the SAKK Board still approve trials?

Projects can still be submitted to the Board for its approval. For the time being, however, approval will be restricted to projects whose costs are 100% covered.

What does the restructuring plan mean for SAKK's research groups?

They will be directly impacted by trial closures and suspensions, but they will continue to develop project ideas and discuss trials. Projects can continue to be submitted, but until restructuring is complete they will only be approved if their budgets (full cost accounting) are 100% covered for the entire duration of the trial before they are implemented.

Will SAKK continue to organize and conduct training courses?

Since the costs of our own training courses (including semi-annual meetings, Investigators' Education etc.) are covered by sponsors, SAKK will be able to continue to offer the established formats.

November 27, 2020