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OPINION

The transformation of risk in the Ozempic era

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When Novo Nordisk lost US$70-billion in market value overnight, it wasn't because its miracle drug failed – it was because the company failed to understand what its drug had become. Ozempic's transformation from pharmaceutical product to social infrastructure represents a mutation in corporate risk that every CEO should now comprehend.

The spectacular meltdown following the company's profit warning was not a failure of science, but a catastrophic failure of imagination. It confirms the thesis that haunts every boardroom: the risk you anticipate is rarely the risk that destroys you.

The Ozempic drama reveals risk undergoing metamorphosis from laboratory into political sphere. Novo Nordisk dominated "innovation risk" – the high R&D costs that traditionally define pharmaceutical success. They created a drug so effective it became the subject of South Park episodes and TikTok trends, transcending medicine to become a cultural phenomenon.

But the crisis that ended CEO Lars Fruergaard Jørgensen's tenure stemmed from failure to anticipate trust risk – the systemic liability arising when a product becomes so essential that its scarcity has an impact on social stability. Novo Nordisk treated Ozempic as a blockbuster product, ignoring that unprecedented demand had elevated it to a level of societal utility whose breakdown invites state intervention.

This transformation resembles a physical phase change in the nature of risk itself. Below a certain threshold of social adoption, Ozempic was merely a product, governable by linear supply models and traditional pharmaceutical economics. But at an invisible inflection point – like water turning to steam at 100 degrees – it transformed into a critical part of infrastructure subject to entirely new laws of behaviour. The company's executives, trained in the predictable insulin market, couldn't see that Ozempic had crossed this threshold.

That BMO Capital Markets now hosts an "Obesity Summit"– a phrase incomprehensible a decade ago – signals not just the financialization of metabolism but the prescience of bankers who understand that GLP-1s – the class of drugs that includes Ozempic – have become economic infrastructure. The summit's popularity with clients and investors proves these financial leaders are at the cutting edge of their trade, recognizing that obesity-related systemic risk now rivals credit risk as a systemic variable. When major banks convene summits about weight-loss drugs, the risk phase change is complete: the business of medication has become macroeconomics.

History offers a diagnostic parallel. When Imperial Rome's population became dependent on grain imports, the Cura Annonae evolved from a commercial system to an essential part of infrastructure. Roman leaders understood that any disruption to grain supply would lead, in the words of the historian Tacitus, to the "utter ruin of the state." The emperor's legitimacy became inseparable from bread distribution. Novo Nordisk violated this ancient contract between power and provision, with their logistical failures – empty shelves, desperate patients – proving that trust risk is the modern equivalent of Rome's grain crisis.

This pattern reveals why traditional risk models can fail at moments of phase change. Frameworks that work for products – market analysis, supply chain optimization – become obsolete when dealing with infrastructure. Infrastructure demands not just delivery but guaranteed universal access, not just quality but perceived fairness, not just corporate governance but political legitimacy.

The crisis manifests across dimensions that pharmaceutical risk models never anticipated. The cultural dimension reveals a divide between enhancement and treatment. When wealthy patients seeking weight optimization consume the same scarce resource as diabetics requiring life-saving medication, the drug loses moral neutrality.

The geopolitical dimension reveals another facet: when markets fail to deliver essential infrastructure, states intervene. The U.S. government leveraged the most-favoured-nation framework to negotiate future FDA-approved oral GLP-1 pills at US$150 per month. This isn't price regulation – it's assertion of sovereign power over critical infrastructure.

The antidote to phase-change risk is not more data but deeper institutional memory – the capacity to recognize when quantitative growth triggers qualitative transformation.

Early-warning systems must detect when products approach infrastructure threshold. When medication becomes meme, when shortages make headlines, when bankers host obesity summits – these signals demand strategic recalibration.

Companies need dedicated roles consisting of those who pattern-match current crises against historical analogues. The Roman grain crisis, the British East India Company's transformation, AT&T's infrastructure moment offer templates for understanding how private products become public utilities.

Companies must recognize that once products approach infrastructure status, traditional governance becomes insufficient. Companies need pre-emptive engagement with state power through genuine infrastructure partnership – accepting oversight before it's imposed, ensuring universal access before it's mandated, treating the product as public trust while still private.

Breakthrough innovation doesn't eliminate risk – it transforms risk. Companies that survive will recognize the phase change coming, when product success approaches infrastructure failure. Those who fail to see it will discover that US$70-billion can evaporate not because you failed at what you knew, but because you never imagined what you had become.