Interview with Stefan König, Managing Director, Takeda Pharma GmbH

18.02.2013

Tags: Takeda Pharma GmbH

Can you give our readers a snapshot of the scope of Takeda's operations and the organizational structure within Austria?

Takeda in Austria is a top-ten player with a turnover of roughly €80 million, according to IMS figures. In primary care markets we focus on core therapeutic areas such as cardiovascular diseases – leading the antihypertensive market with a product called Blopress®, diabetes with our brand Actos® and the inhibitor field with Pantoloc®. While maintaining a smart primary care approach to ensure future sustainability, we are also moving into areas of specialty care with the recent launch of Daxas®, an oral treatment that treats the underlying inflammation caused by chronic obstructive pulmonary disease (COPD). We are also leaders in the inhaled corticosteroid market with Alvesco® and prostate cancer market with Leuprorelin-family (Enantone®, Trenantone®, Sixantone®) A testament to Takeda's heritage in these areas is the position of these brands as number one or two in their respective subsegments. In terms of the specialty-care business unit, we have a hospital and oncology franchise as well, with flagship brand TachoSil® patches, which are manufactured in Linz. This post-operative patch is used for sealing air leaks and for blood coagulation. Recently we launched Adcetris®, our first oncology treatment in Austria. Takeda also has a stable and successful OTC business. The organization is the seventh largest in Austria for OTC medicines, with leading brands like Multi-Sanostol®, Ibumetin®, Riopan®, Litozin® and Buer®Lecithin.

Takeda has a sales and marketing office in Vienna with 85 employees, and a large manufacturing site in Linz with 650 employees. Partnerships at the heart of what we do with almost one third of our revenues coming from partnerships and strategic acquisitions. Takeda acquired Nycomed roughly eighteen months ago with the process of integration occurring about nine months ago where we brought the two companies together under the roof of Takeda Pharma here in Vienna. Our new commercial model not only makes the most of this acquisition but takes into account the swiftly changing reality of today's healthcare environment allowing us to effectively engage with health care professionals and our key stakeholders. , We are planning to roll out four major products over the next 18-24 months. We have high expectations for our first – a biological treatment for ulcerative colitis and Crohn's disease called Vedolizumab®. We are also planning to launch another oral antidiabetic called Alogliptin®, a new antipsychotic product called Lurasidone and a new generation of treatment for prostate cancer, TAK700 (ortorenol).

You have been with Takeda Austria since November. What personal goals have you set for yourself since joining?

My main focus has been to create a new blueprint based on the Takeda-Nycomed merger and bringing this blueprint to life. This process is what l call post-merger activity; in other words, the two organizations may have merged on paper, but this still needs to penetrate the minds of the employees. My second focus, is to prepare the organization for the launch of the four new products, which will help the company after the Loss of Exclusivity (LoE) of a number of other products. Thirdly, I want Takeda to maintain the turnover levels that we enjoyed in the 2012 financial year. I think Takeda will be concluding one of its most successful years in history because of the merger with Nycomed. Additionally, a fourth goal of Takeda is to successfully manage the loss of exclusivity for two blockbuster drugs that have just expired.

The purchase of Nycomed has put Takeda Austria in a very good position; to what degree will you have to protect your business as markets known as Nycomed legacies, such as Russia, create significant competition?

Luckily, Takeda has been divided into four global areas: Japan, US, Europe and Canada, and emerging markets. This should ensure Austria a relatively mature and stable pharmaceutical market can obtain the resources it needs to defend its market-leading position in the categories that I have mentioned. We are not directly competing with Russia, Latin America or Indochina for resources because they are geographically separated into a different country cluster and these countries do not compete for resources themselves. Secondly, Takeda is a very profitable organization in Europe and Canada compared to emerging-market organizations. These

organizations tend to expand much faster but also require more resources. As such, I feel that Takeda can generate the resources it needs within the Europe and Canada region and within Austria itself. We need to focus and generate the profit that we need to invest to support the launch of new products to come.

How do you retain the best talent possible for your company?

This certainly has been and will continue to be one of my key focus areas. Presently, Takeda is starting the process of mapping out and reviewing talent in Austria. I believe a company starts and ends with people. Real talent is increasingly difficult to find and everybody is out looking for talented individuals. Luckily, I have a nice track record of building capabilities in markets like former Yugoslavia. The team there has enjoyed tremendous success in terms of building sales and capabilities necessary to grow the new Takeda organization. I have come to Austria with an already fairly senior team in place. The talent here in Austria is truly the best of the best from Takeda and Nycomed, both from the perspective of strategic planning and operational executions. Of course there will be certain adjustments as time passes, but for now the most important task is to bring these talents together to create a fully functional blueprint filled with energy and life. How do I retain these people? I believe it is about extrinsically motivating them as much as possible. I treat people the way I like to be treated, which means that we lift entrepreneurial spirit and expect everyone on the team to be focused on both ongoing and new business opportunities. As a small organization we have hierarchy, and I am trying to push decision levels further down to the business unit or even single managers. I tend to delegate any decisions that can be taken at the lower management as often as I can. It all comes down to entrepreneurial spirit and acting as if this was my own business. This is how I like to lead a company, and this method has a proven track record. It also helps that I am new to Austria and the organization, and that I am a bit younger than the average general and I hope that has a positive reflection on the company.

Robin Rumler of Pfizer Austria said that the LoE issue is a challenge for many Austrian companies at the moment. They have had to find ways to adapt to this, through a broader portfolio or create generics of their own expired patents. What is Takeda doing to adapt to this?

Firstly, it depends on the market. Every market is different, and LoE has a different implication in every local organization. Past experience shows that companies can still do well even after LoE as Austrian doctors tend to be very brand-loyal; they tend to value the service that pharma companies have provided to them over the years. I see Takeda as a company that has a more integral approach to providing services; it goes beyond providing just a molecule or simple pill to the doctor, and I think doctors value that. Therefore I expect that even after LoE, the volume

market share in units will remain favorable to the innovator. Doctors are brand-loyal and appreciate an added. They recognize who has put hundreds of thousands of dollars into clinical research and trials to investigate a molecule. This is why Austrian doctors continue to prescribe a specific brand. Nevertheless, the innovating molecule of generics has a fairly difficult stand. This does not mean that our prices will not come down, as they most certainly will, not to mention losing turnover quite rapidly. My response to that would be not necessarily looking into launching our own generics or buying generic companies and launching generic arms. I do not believe that the generic business model fits to Takeda's core strategies, which are innovation and a very strong research base. A passion for discovery is at the core of Takeda's ability to deliver superior healthcare solutions to make a difference to patients' lives and drive company success. As such for the midterm, I do not think that Takeda will be going into the branded or pure generics field in Austria.

What kind of wider support does Takeda provide in key therapeutic areas?

That is actually one of the initiatives that we have actively promoted in Takeda's nurse education programs. Takeda has its own field team that trains nurses how to teach patients about self-care and the side effects of products as part of the Takeda Nurse Management program. This initiative helps nurses to understand how to prolong the life of the patient. With antihypertensives, we have a program called "Check Around the Clock," a 24-hour blood measurement program that can evaluate the absolute strength of the systolic heartbeat. There are numerous other examples, in the prostate cancer and urology fields where we are also leaders. Once a year Takeda hosts UROcyclicum in Austria, an event in which every urologist in the country comes together to learn about the latest advances, research and treatment of different urological diseases with a focus on prostate cancer by top global key opinion leaders.

The Austrian pharmaceutical industry generates a surplus of roughly €700 million a year. Could you tell our readers about Austria's current production capacity and potential, and how the country is positioning itself against emerging manufacturing hubs around the globe?

Any company that wants to manufacture pharmaceutical drugs or medical equipment in Austria has a different set of environmental factors that assist in the decision of establishing and maintaining large production facilities. This is about having a working legal framework as well as accessing educated, skilled and motivated employees at a reasonable cost. Indeed, the cost is higher here than in Indonesia or China, but comparing the quality of products in Asia and Europe, you need highly skilled labor in pharmaceutical manufacturing plants. Austria itself has a €3.3 billion pharmaceutical market, and the cost of transporting pharmaceutical and medical goods

across Europe is low. This makes Austria a nice manufacturing location. Austria is not the manufacturing hub of Europe compared to Germany and Switzerland, which have had a historically strong pharmaceutical industry. However Takeda has a fairly important plant in Linz with 650 employees.

You are from Bonn and have worked in Austria, as well as Slovenia, Mexico, and with other companies. With this international experience, particularly working for a Japanese company, how do you adapt to the way you are working in Austria?

It is relieving, firstly, to move back to a German-speaking environment having worked overseas for twelve years. Essentially, it comes down to retaining employees and determining the local company culture within the wider Takeda company culture that I want to establish. To achieve this means having a very pragmatic and solution-oriented approach rather than a problem-oriented one, as well as a focus on executing with excellence. I am bringing these strategies to Austria after all those years abroad. Additionally, Austria is often at the forefront of certain trends and tendencies. I am looking forward to actively learning from people within the organization about new commercial models, which can then be brought out again to more emerging markets. Having spent my entire working life in emerging markets, I know that there is a certain reason why executives are being sent to markets like Germany and Austria with previous emerging markets experience. I believe that the logical step is to return to a larger, emerging country and bring this experience to the organization there.

Where can we expect to find you in three to four years, and what would you like to have achieved with Takeda by that point?

In three years, I hope to have created a new Takeda Austria with an entrepreneurial spirit that will have enabled us to successfully launch key new products, and I hope that we will have been able to maintain the blueprint that has been recently established after the Nycomed merger. I want Takeda to still be the leading company in antihypertensive and proton pump inhibitors and the treatment of prostate cancer, and I hope to have learned a lot and brought that knowledge to the company.

See more interviews