Interview with Craig Moore, Director, Hahn Healthcare

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Tags: Hahn Healthcare

Can you outline the significance of the current PBS to the industry and in particular the impact it has on service providers to the industry such as Hahn?

As service providers, we are very much involved with the PBS in a sense that we are working closely with the pharmaceutical industry whether they are generics or innovative companies. For that reason I communicate frequently with senior executives in the industry discussing what their challenges, strategies and plans are today and In the future.

Essentially Hahn Healthcare provides resources to support pharmaceutical companies maximize their products, through providing flexible scalable sales teams, sourcing and setting up co-promotion agreements, sourcing product opportunities.

The environment in Australia is today in a situation where companies are being asked to do more with less and also make more out of what they already have. Recent PBS reforms have created a certain amount of uncertainty around what the future holds.

The reforms have resulted in products that are in fact recommended by the PBAC are listed on the PBS but that means no guarantee for reimbursement. In the current climate almost anything can be held up in cabinet, and the government will determine whether or not, depending on budgeting and expenditure priorities, a recommendation from PBAC will or will not be funded.

This has resulted in companies not being as confident about how they should invest their funds and when they should launch their huge expense and efforts into the market.

One of the most expensive resources in a company is its human capital such as a sales team. To get a first to market launch, teams have to be put in place and driving them forward is essential for companies. For that reason, Hahn talks with companies about bringing them into a position with highly capable flexible selling resources that engage or scale back quickly depending on what the market conditions are. We understand the rapidly changing needs of business in the pharmaceutical industry.

How I see PBS reforms impacting the industry is that companies are less certain about what resources they should put on and when, which creates the situation where companies need more flexibility around it, which enables us to provide a solution.

Another thing we noticed is that companies increase their focus on their established portfolio. Companies are being more creative with their established, heritage, classic brands—all off patent products. Moreover, products that have not been as valuable for a sales or revenue line are becoming more important because companies try to take more out of products they have not been promoting. Hahn is involved in working with companies to look at the brands they have and build business cases in order to understand what the potential of these brands could be in the Australian market place.

Could you give a concrete example of a project in this regard?

There are examples where a product that would sell around 10 million AUD revenue without real generic competition but part of certain treatment algorithms meaning that a physician needs to prescribe one therapy before moving on to the next. One of our clients owned one of those older therapies and achieving a decent amount of revenue without a sales team promoting the product. What happened is that they foresaw revenues declining but they did not have money or resources to promote the product. Subsequently, we found an organization having a specialized sales team in that specific therapy area that now promotes their product. If we would have not gone out to find a company to promote their product this valuable product would have disappeared. Now two companies share the revenue of this product through a co-promotion deal set up by Hahn Healthcare

Growth percentages in emerging markets are much bigger than mature markets such as Australia. Should big pharma now accept the fact that real growth is no longer coming from mature markets?

I understand that Australia is far away, represents merely 1% of the global pharmaceutical industry from a revenue perspective and a massive country that makes distribution expensive. However, this nation has some great beneficial features as well.

Another trend is that Australia is getting closer to companies in the Asia pacific. The region as a whole is significantly growing but Australia is not. The Australian affiliates of large companies have to argue for budget and funds to promote in Australia along with Indonesia, China, and Korea etc. This can be a challenge as the growth in Australia is unliklly to be as steep as these other markets. Australia has intelligent and good quality ideas to grow its market share but the net number in this country is not going to be that significant compared to other countries in the region and therefore the money gets often shifted somewhere else.

For Hahn as a service provider, how would you describe the competitive landscape?

Because Australia is such a small market we have been able to build unique offerings.

Originally we were a recruitment organization supplying staff to the pharmaceutical and healthcare environment. At a certain point we decided to add more value and to evolve our services. The first step was to establish contract sales teams—flexible teams delivered on demand that scale and adjust according to our clients business needs.

Our next step was to identify appropriate partners for companies that required additional sales force capacity—our Sales Force Brokerage.

Moreover, we identify products globally not registered and licensed in Australia and sell those companies the idea of coming to Australia. We get these companies to grant us the right to represent them and find the right partner to conclude a deal for their product.

By providing these services we have established relationships in the pharmaceutical industry that are asking us questions what matter for them now and providing them services required in order to help them grow or shrink.

The variety of services that we provide from recruitment to contract sales staff to product deals is fairly broad and stands for what a pharmaceutical company needs today. We have competitors in certain fields but we are growing well.

Over the last five years, how successful has the company been?

My business partner and I bought the company about five to six years ago. However, our services that we provide today have really developed over the last two years. It was only two years ago that we have identified how to increase the value of our business and to develop our services further. In that period of time we have been able to build a contract services business. Moreover, we have brokered a product that sells close to 30 million AUD a year in Australia. This year it looks like that

we will have completed numerous licences or co-promotion deals between pharmaceutical companies that sell each other products.
We are currently assessing twenty products from outside the Australian market to introduce on the local market.

I believe that the main driver of our future growth will be our “contract sales team” because companies need highly capable and flexible selling resources. We are talking to companies that historically have 100 sales representatives who are programmed to work in a certain way with certain products. To actually change these people and do something differently in a new way is like turning an oil tanker. However, what we have demonstrated is that we are able to hire anything from five to fifty people employed specifically know that they are part of a culture of innovation and change. They could be selling one thing for six months and then change in something completely different. Obviously, companies need to have experts in certain areas but it is essential to have a group of human beings that are able to understand the healthcare system more broadly.

Looking at your client base, are you particularly focussing on big pharma?

Not particularly. We are here to provide a service to whoever needs it. Our client base at the moment ranges from top five companies to companies that are incredible small.

How challenging is it to recruit and retain the best human resources for your teams?

We have been recruiting for years and identifying candidates with a certain background through social media such as LinkedIn is not difficult. What is challenging is engaging them, getting them excited for a position.

For me personally, we got a fantastic opportunity at Hahn Healthcare to sell an amazing message; we are progressive, focussed and excited about what the future holds in being flexible, innovative and working with companies developing new strategies to get them the right messages out to the right people.

This is the message we sell to the people we are hiring; it gets people excited and attracts the right people as well.

You are one of the youngest managers we meet in the industry, how challenging has it been for you the last five years?

I am one of a group of people that have a huge impact and influence on what we are doing. It is a classical case in having the right people around you.

My role is very much in Business Development, meeting people, creating opportunities and making things happen.

I love what we are doing and sincerely believe we have hit a sweet spot with the position of our services in an evolving environment.

Looking forward, if we will come back for the next edition of our report in four years from now where will we find Hahn Healthcare?

We are here to support the local pharma industry, grow it and provide services. This will eventually take us to more relationships with companies to supply them with our services.

One of the key things of our business is that we are not pushing contract sales on companies because it may not be the appropriate solution. The right solution might be selling the license to another party in order to maximize the asset or finding a product from oversees that fits in the infrastructure. What we do is quite variable so depending on the needs of our clients is where our focus is on.

Generally looking at the future I would say there would be more contract sales teams with us with more flexibility and scalability. I believe there will be more pilot teams or more targeted therapy contract teams because there is less cash to spend by companies. Moreover, I think there will be more promoting into the clinical world to provide more holistic healthcare and services. Promoting services will increase also.

What is your final message to our readers?

The opportunity for companies that have products to come to Australia is very much there. The challenge that a lot of these companies have is identifying how to access the market most cost effectively.

Australia is bundled in the Asia Pacific meaning that many companies not want to conclude a separate deal in Australia because they feel it could potentially harm since they have already portioned off some licenses to somewhere else. But this does not necessarily have to be the case, coming to this country you will find yourself in a market with well-educated healthcare professionals and well measurable data coming out of it. Launching your product here will be a good analogue for evidence that can be used around the world.

Another key thing is that there is lots of pharmaceutical infrastructure in the country, there are sales forces and marketing teams. It is all present but the challenge is to access them. Working

with Hahn Healthcare, in a true objective standpoint, is not affiliated with any particular pharmaceutical company, which puts us in a position to sit down and advice companies about how the markets look like and what its potential is.

The message is that the net numbers sometimes do not look as exciting as some other environments but with the right partner Australia provides opportunities.

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