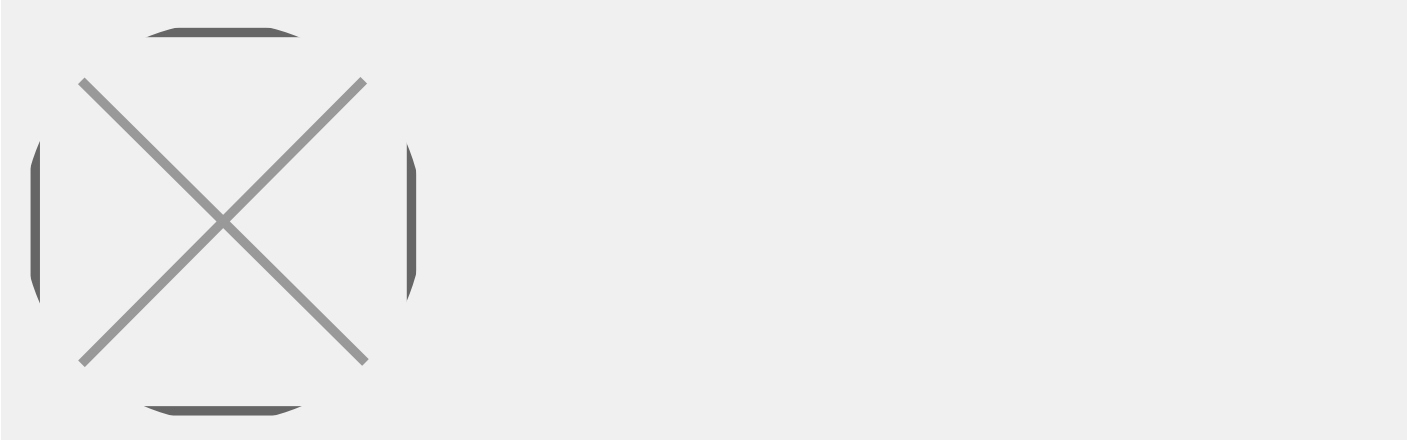
Interview with Peter Schwarz, Managing Director, Leo Pharma Austria



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You have been managing LEO Pharma's Austrian operations since March 2012. How do you look back at these first few months? And what have been your first initiatives at the head of the affiliate?

2012 has overall been an interesting year, as LEO Pharma stepped into new fields of indication two months before my appointment as managing director. The company took over the psoriasis franchise, a product range which initially originated from LEO Pharma's pipeline but which used to be distributed in Austria via a partner until then.

LEO Pharma therefore entered a new market with a product range that we had to develop. We had to not only re-organize ourselves but also to learn about this new market. This project, which we refer to as "repatriation", was already in my hands before I became managing director. In addition to Austria, other affiliates have gone through the same change process in the LEO Pharma group.

At the same time, we are in a pre-launch period for a new chemical entity, a product which brings us to the new therapeutic field of actinic keratosis and non-melanoma skin cancer. It is an innovative product that is already licensed in the US and since Nov 16 in the European Union

Overall, it was a very interesting time to take this position at LEO Pharma Austria.

At the same time, we also had to reduce our workforce for several reasons, one of them being the cessation of our marketing activities for a few of our traditional products. We had in the past two work lines – a team for the clinics and a team for physicians in private offices -, and we decided to

combine both lines, which reduced the headcount. In this new context, we no longer call on general practitioners.

What do you see as the main strengths and weaknesses of the Austrian affiliate?

The Austrian affiliate has always been somewhat different to the rest of the LEO Pharma group for historical reasons. We have had different focuses, and LEO Pharma took the decision a few years ago to solely focus on the dermatology business. It was a perfect point in time for the Austrian affiliate to align with this global strategy.

This meant that we needed to catch up with what was being done by other affiliates. We needed to strengthen our profile vis à vis the dermatologists, both in hospitals and in private offices. Throughout this process we have received tremendous support and understanding from our head offices, especially from newly created regional departments, with which we have established strong bonds.

How do you rate your competition as a company focused on dermatology in Austria?

On one hand, we need to establish our profile as a dermatology company, as we are the ‘new kids on the block’. LEO Pharma has not yet been perceived in Austria as a dermatology specialist: the company is historically strong in anti-infectives as well as other very specialized niche products, but our new strengths and competencies on dermatology need to be communicated in the Austrian market.

We now have a team of dermatologist specialists on the field. I call it a ‘field force’ on purpose because they are not ‘sales representatives’ anymore. The team, with our support from the office space, has an objective to translate LEO Pharma’s new global patient centric focus into the local market.

Our primary goal is to improve solutions for the patients rather than to promote single products. For instance, we can bring new forms of application of one given product to help people stick to their therapy in terms of compliance and adherence. Very frequently, dermatology patients have co-morbidities, and thus they need significant support and information. This disease area is very much about lifestyle. The psychological impact of chronic dermatologic diseases can be dramatic. They affect patients’ social life, as some of them go through a lifelong suffering which often put them into extremely embarrassing situations.

Though our new approach to this reality, we go beyond what we have done so far with prescribers, pharmacists, or payers. They are not called customers anymore in the LEO world, but rather stakeholders. The only customer is the patient.

We have had excellent feedback in the last three months since we are approaching the market guided by this philosophy. Under diverse initiatives, the Patient Support Programme (PSP) is being run in pilot markets, where we are assessing if we can implement it in other markets, taking into consideration the regulatory environment, different from one country to the next. Similarly, the LEO Quality Care® Program, an umbrella of different initiatives, is aimed at supporting patients.

LEO Pharma is generally communicating far more with its stakeholders. In the past, LEO Pharma was not particularly experienced in public affairs and stakeholder management. We need to undertake new initiatives here and to learn, and we are confident they will pay back sooner or later.

What in your view are the main differences between a team of sales representatives and a field force as you named it, and what does this shift imply in terms of recruitment and internal training?

This is a very important point. The old business model of the entire pharmaceutical industry was to heavily communicate messages to prescribers. We need to act differently; it is not easy to understand for colleagues who have worked in the industry following this model for several years. Therefore, it is much easier to start with new professionals who learn our approach as it is. We are continuing with a lot of good staff and we need to redirect their thinking. It is challenging and time consuming.

LEO's corporate branch is fully aware this is a time consuming process, no one expects everything to be changed in a finger snap; and no one expects a remarkable return in a short period of time. It is a long journey.

As soon as you are able to explain our new approach to both the office staff and the field force, then they are keen into translating it into activities. It is nice to see that the message has arrived, they take it as theirs.

I feel very comfortable in this environment; it is very rewarding to carry out these initiatives.

How is the Austrian welcoming LEO Pharma's new approach to the market?

Some stakeholders in Austria, including the authorities, were not very impressed in the beginning. It is very difficult to discuss the added value for patients, which is reflected in any product price, and needs to be reimbursed.

The reimbursement system is very rigid in Austria. There is not much room for manoeuvre, even for those who have to handle it at the governmental level. A lot of time is required to find the good arguments.

There have been some signals over the past few months; there is a willingness to discuss the issues, but we certainly need to overcome several obstacles within the system to be able to

succeed in our way.

LEO Pharma is today one of the very few sizeable independent pharmaceutical companies. What are the challenges and opportunities of being a privately owned company, with no foreign capital?

The opportunities are, for our self understanding but also to be communicated outside, that there is no need to be aware every quarter of the shareholder's value, the trends in the stock exchange, and etc. We can tell our stakeholders that the return on investment that LEO Pharma is earning is fully fed back into research and development for the benefit of the patients.

This creates strong self-esteem, and it is a comfortable situation in which to communicate. It is a rare case nowadays. The staff feels comfortable with this as well.

This also creates continuity for the company's historical development. The creation of LEO Pharma now dates back to over 100 years ago, and the company has not changed in its structure. The company is owned by and has always been built around the LEO Pharma Foundation, which fosters faith and trust among its employees.

What attracted you to LEO Pharma personally?

One of my most important projects in my previous company was the human papillomavirus (HPV) vaccine for preventing cervical cancer. Talking about actinic keratosis and non-melanoma skin cancer is also to some extent talking about cancer prevention.

LEO Pharma was looking for people in this field; it is small field, as there is not much prevention by medication against cancer. It is mostly about lifestyle. If a patient gets sun burns and actinic keratosis, the disease must be treated to avoid the progression towards non-melanoma skin cancer. There are a lot of similarities; it isexciting to develop a market new for LEO Pharma.

I kept this project as patient solutions manager in addition to the general management.

Where would you like to take LEO Pharma Austria in the next three years?

At this point we should be leaders both in the field of psoriasis and actinic keratosis, by improving patient's quality of life through our measured solutions.

Globally, LEO Pharma wants to create healthy skin for 20 million people by 2015. Looking at LEO's individual markets, the targets for Austria are clearly defined and have great potential for the future.

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