Interview with Michael Ryde, Former General Manager, Lundbeck China

15.07.2012

Tags: Lundbeck China

In this interview, Michael Ryde has left Lundbeck China and is now working as Commercial Counsellor, Teamleader Health, at the Danish Embassy in Beijing. Oscar Parra currently holds the position of General Manager for Lundbeck China.

michael-ryde-former-general-manager.jpg

Lundbeck originally sold its products in China exclusively through partners for several years. What led the company to eventually take the leap and establish itself in the Chinese market?

Lundbeck first introduced its products to the Chinese market in 1995 through a local distributor, as many foreign pharmaceutical companies did at the time. Our partner has been very successful particularly since 2000 with our old anti-depression product, experiencing over 30% growth, currently representing about half of their total sales. They have about 600 reps all around China and are very dedicated to our product since it is such a significant part of their business.

Several years later, in 2002, Lundbeck signed a licensing agreement with Xian-Janssen in order to sell our globally successful drugs CIPRAMIL and LEXAPRO in China. Xian-Janssen is also an important player in CNS, in areas like psychiatry. Soon after this deal, in 2003, Lundbeck decided that it was time to have a direct presence in China. The company began clinical trial applications for EBIXA in China, a drug for treating Alzheimer's disease. When I joined Lundbeck in 2005 clinical trials had just started, and it was basically just a 3-4 person operation dealing with the registration process. From that small base we eventually built up the sales and marketing departments for EBIXA, which is currently the only product on the market that Lundbeck is handling

directly.

Your colleague from Lundbeck Korea, Mr. Pil Soo Oh, was telling us how the social stigmas surrounding mental disorders in this part of the world are particularly strong, resulting in a relatively small market for CNS drugs. What is your view on the situation in China?

According to IMS data, the percentage of CNS drug spending relative to the whole pharmaceutical market in China is the lowest among all the countries studied, including other emerging countries such as India, Turkey and Korea. This in itself illustrates how there is still a lot of work to do in terms of raising awareness about CNS disorders, but also means that the growth potential is even greater than for the overall pharmaceutical market. Indeed, areas like psychotics and depression are growing at annual rates of about 40% and 20% respectively. In terms of the market for Alzheimer's disease treatments, our current focus thanks to EBIXA, the growth is over 30%.

We know that for the government mental disorders such as depression are high on their list of priorities. Everyone is aware of the fact that as China develops it will go through a similar pattern as other countries in terms of drug consumption, moving away from anti-infective medicines and towards those that treat diseases linked to more modern lifestyles. Depression is certainly one of these diseases, as we have seen in Europe and many other parts of the world. Moreover, as many Chinese move to the cities in order to earn more and to sustain their families, the cost of people falling into depression becomes very high for society.

In what ways is Lundbeck engaging with government or other stakeholders in the healthcare sector in order to raise knowledge and understanding about Alzheimer's disease and other CNS disorders?

In parallel to our commercial activities in China, we have recently established a local branch of the Lundbeck Institute. This Institute – which works independently from the company – was initially created in Copenhagen but has gradually grown internationally, with offices in the Middle East and Australia. It is focused purely on training doctors for educational purposes, in areas such as diagnosing and raising awareness, and has no promotional element. This has made it very well known and respected among specialists around the world.

The launching ceremony of the China branch was held in December 2008 and was attended by public officials and local specialists in the field of Alzheimer's. As in other countries, the Institute will partner with the key opinion leaders but it will also tailor itself to China's unique particularities. This is a very positive initiative that highlights what Lundbeck is all about and what differentiates us from other companies: our focus on CNS. And even though there is strictly no promotional activity done through the Institute, it is a great way of raising awareness and capabilities in China while at the same time building relationships with doctors. The Lundbeck Institute in China will surely expand its range to other CNS disorders besides Alzheimer's in the coming years, building on the experience

acquired.

In your view, how different is the environment for Lundbeck's medicines in China when compared to its traditional and strongest market, Europe?

The differences are many and the challenges on different fronts. Regarding the doctors, there is the basic problem that there are just very few relative to the population in China. There is also a need to raise awareness among the doctors so that they can properly diagnose patients and refer them to the relevant specialist. This goes for Alzheimer's disease, dementia, depression, etc. In terms of the patients, there is still a big challenge simply to help them understand the diseases. Talking about Alzheimer's, 20 years ago in Europe it was considered an old man's disease. In China there are many people who see it in a similar way today, with the idea that it is not treatable. So there is a lot to do in order to change these perceptions, but it is a long process that requires a lot of involvement and efforts in PR.

Another key difference between China and European markets is that here the figure of family doctor is not well developed and people tend to go directly to specialists. In Europe the market for anti-depressants, for example, has grown tremendously over the last decade thanks to the fact that the medicines available are of such a nature that they can be prescribed and used more broadly.

After having also worked several years in Turkey, one of the other leading – albeit smaller – emerging markets, how many parallels do you see with China?

Working in Turkey prepared me to deal with a certain degree of uncertainty, but in China the levels of complexity are much higher. The market is extremely fragmented; in a way it is as if there were several coexisting small markets for different groups of patients such as those paying out of pocket, city workers, farmers, etc. Another main difference is that in Turkey once you get past the regulatory process, take-off is very fast, whereas in China everything takes much longer. For this reason, one of the keys to success in China is to have a lot of patience and long-term perspective. This is what we are doing at Lundbeck in China, making progress step by step in the market and scaling up our operations.

It is also important to note that the authorities have recognized the value that foreign research-based pharmaceutical companies are bringing to China. We are contributing with quality and innovation, while local generics players provide medicines in large quantities, but there is room for everyone in this booming market. We all have a role to play in order to meet the Chinese people's growing health needs towards the future.

How important is China for Lundbeck in terms of revenues, and what are the expectations for this booming market, set to become one of the five largest in the coming years?

Today China's weight in terms of sales for Lundbeck globally is relatively limited, but there is no doubt that the company is considering all the possible options in order to scale up the business here. We are convinced that there are many patients out there that are not getting the treatment they need, so there is the opportunity to have a real impact on people's lives while also increasing Lundbeck's business in China. For these reasons, there is a strong willingness to further increase investments in the country. EBIXA has allowed us to build a foothold in the Chinese market and to establish sales and marketing operations. Although it takes a long time to get products approved in China, Lundbeck's strategy is clear: to bring all our potential products in the pipeline to China as soon as possible.

How would you describe Lundbeck's experience in terms of finally establishing a direct presence on the Chinese market, but with only one product, EBIXA?

The Alzheimer's disease market in China is still quite small, but I believe that it serves as a good starting point for Lundbeck to build an organization. It is a market that is relatively easy to get into and the competitive landscape is not as tough as other areas. Our strategy with EBIXA is basically to focus on what has always characterized Lundbeck: research-based medicines, high quality, ethical values and strong support to doctors. This has proved very successful and allowed us to grow fast in China. In fact EBIXA is already the number two product for Alzheimer's disease on the Chinese market.

It must take quite an effort to grow a new organization from 3 people to several dozen in just a few years. How difficult was the process of finding the right people for Lundbeck China in such a competitive industry?

It was certainly a challenge to kick things off and get the first people on board. Although Lundbeck's products have been on the Chinese markets for many years now and are familiar to specialists, the company name as such is not very well known. So in many ways we were starting from scratch, in a context where the pharmaceutical industry has a very high demand for skilled people. On top of that, Chinese are not very used to having only one product to work with and consider it somewhat risky.

Fortunately, despite these obstacles we have been able to recruit great people, some of them coming from much larger companies. Many of them are attracted by the opportunity to work in a less bureaucratic context and to have greater responsibilities. I believe that they also appreciate the atmosphere we have created in Lundbeck China, which is a mix of Danish and Chinese management styles.

What would you say you have enjoyed the most about this professional experience for you in China so far?

I have been very positively impressed by China since arriving. In particular, I like the people I have had the chance to work with: they are skilled, analytical and reliable. I have found that Chinese people are also very loyal and have a strong drive to achieve their goals. They are aware of the important moment that China is going through and that the future belongs to them.

In addition, I am very excited about further engaging with the government in projects where Lundbeck can make a real difference to the lives of people suffering diseases. There is a lot still to be done in China in order to help patients, especially in smaller cities and rural areas where treatment options are limited.

What is your final message to the readers of Pharamceutical Executive regarding Lundbeck in China?

I would highlight the tremendous job that my staff has done so far. While in other countries Lundbeck built itself up with CIPRAMIL and LEXAPRO, in China so far we are only marketing EBIXA. Our people have nonetheless joined us on the journey to grow Lundbeck in China, demonstrating their trust and commitment to the company.

See more interviews