Interview with Fabian Dwyer, General Manager, IMS Health Australia

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fabian-dwyer-general-manager.jpg

...have your experiences at Quintiles, Astra, Baxter, and Innovex – covering the spectrum from small to large pharma in addition to the service side – helped in managing IMS since your arrival in December 2007?

Having been a client gives insights into the client side, and perspective on what clients look for. This comes down not only to accuracy but relevance of the data and offerings, which are key from IMS's perspective.

In terms of the data, what would you offer as the most significant information highlighting the current state of the Australian sector?

In a similar manner to global trends, some of the products in GP space are coming off patent, there are fewer blockbusters in the pipeline, and MNCs have become more interested in specialist driven products rather than GP driven products… IMS has data assets in specialty spaces that help customers deal with oncologists, psychiatrists, etc., but there is an ever-growing need for data and insights at the specialty level and this requires IMS to focus particularly on these evolving needs and how to meet them. For example, IMS acquired a market research agency in early 2008 that is particularly strong in specialist market research to such a need. In Australia, IMS has access to sales figures down to geographic territory levels. The company also has products that monitor prescribing trends among GPs and specialists. This data is increasingly viewed as the forward indicator, with the lag indicator being actual sales, and there is great interest in what, how, and for whom doctors are prescribing.

As a sort of objective third-party view, how would you rate the government in terms of building an attractive business environment and encouraging innovation?

The jury is still out. There are questions as to whether there will be a third industry development scheme to follow Factor (f), PIIP and the current P3, and growing doubt that a successor will appear. Part of the principle behind PBS reform is the recognition that pharmacists were gaining much of the benefit from generic companies' trading terms. As the government was not sharing in that upside, the logic was that price decreases in off-patent areas would help make the PBS more sustainable and create headroom to fund more innovative products.

Now that the reform has been implemented, the question remains: will this head room be created?

PBS reforms also mean that price disclosure is coming into the market, and there will be ongoing price scrutiny in the off-patent market to ensure the government is maximizing benefits and reflecting them in competitive pricing. A consequence of PBS reform is that it will be harder to demonstrate cost-effectiveness due to price decreases of off-patent comparator products. When Factor (f) was first introduced companies expanded their manufacturing and research activities in Australia but the subsequent industry programs haven't had the same level of funding and are far more targeted, which limits the participatory upside for many companies. In 20 or 30 years, we may not have MNCs manufacturing in Australia as the incentives to locate such activities are far higher in so-called "pharma-emerging" markets. This sentiment seems to stand at odds with government intentions, for example with the newly-created Ministry for Innovation, Industry, Science and Research. Australian people hear the messages of "innovation" and "clever country." However, I don't foresee large MNCs continuing vast manufacturing facilities here, when Brazil, Ireland, Singapore, etc. have significant tax concessions for start-up or investment that Australia does not appear committed to matching. There is predicted to be a slow decline in MNCs conducting manufacturing in Australia, as a direct result of pharma emerging market growth. When investment decisions occur, companies will locate new manufacturing facilities in Brazil or China due to investment incentives and the size of the local markets in countries like these.

Where will Australia pick up the slack?

There is some optimism for the success of a biotechnology niche, for instance. There are a number of biotechnology hubs, with the Victoria and Queensland governments particularly interested, because it's an area that can attract investment and IP that can be commercialized. There is strong and high-quality clinical and preclinical research done in Australia that can be capitalized on as well. There have been vaccines like Gardasil invented here, and although that's just one product, there is high quality clinical research capability in Australia. The difficulty lies in the fact that there's not the venture capital money like in the West Coast US, ready to pour millions of dollars into a

start-up to commercialize such products.

Turning to the IMS business itself, could you give us an overview of the Australian operations?

IMS has been operating in Australia for over 45 years, and employs almost 100 people. In recent years, like many other IMS operations around the world, the company has focused on growing a consulting practice to leverage our data assets. There is moderate growth at a rate less than the market in our traditional data assets, compared to much higher growth in the consulting practice. The lead practices in consulting consist of sales-force and promotional effectiveness, market research, pricing and market access, and portfolio optimization. Segmentation and targeting of customers are critical to field force optimisation and as companies are under pressure, it becomes important to do optimise the sales and marketing spend.

Consultancy is a relatively new development coming out of your data assets. How receptive have your clients been in building up this side of the business?

IMS competes against the traditional players in this space, from ZS to BCG, Bain, and McKinsey. IMS positions itself as evidence-based consulting, leveraging data assets and market knowledge, giving a competitive advantage when others do not have a similar depth of information at their disposal. To stay ahead, IMS has acquired three companies specializing in market research, pricing and market access, and sales force effectiveness. These practices now represent about a third of our business and provide our clients with critical insights to their businesses. Many companies are now focusing on specialist areas and no longer support GP sales forces. Such areas are smaller in size, with evolving data needs and a growing number of companies in this space. In oncology IMS will be introducing a new product called Oncology Analyzer, consisting of longitudinal, deidentified patient and doctor data, derived from electronic patient records. Five or 10 years ago, not enough companies would have been interested to left the expense of acquiring the data to formulate and sell such relevant insights. Oncology Analyzer will be available in the second half of 2008, coinciding with strong oncology franchises in companies like Roche, Novartis, and AstraZeneca.

How has been the process in terms of transitioning the human resources who don’t necessarily come from a consulting background?

It represents the merging of two different cultures, but is also seen as an evolution of the business. If consulting hadn’t evolved as part of a global strategy, IMS would likely be smaller and perceived as less relevant by customers. The selling of services in both areas is completely different. There are account managers and consultants, with the former responsible for looking after the clients’ everyday needs and ensuring they are aware how to best use existing data products. On the other hand, consultants need to listen to challenges customers are facing, as opposed to just taking

solutions off the shelf and trying to sell them. It may well be that each solution is a purpose-built solution for that customer, drawing upon many elements. The selling cycles are also completely different, and consultants need to be better at understanding customer challenges that go beyond just selling data. In consulting spaces, there is an element of customization in all engagements, and it's important to listen to the customer and customize, tailor, refine, and deliver those insights.

Where do you want to take IMS in Australia over the next five to 10 years?

Focus areas include being more proactive to customer needs right across the business. Companies are under more pressure now than in recent memory in the Australian market and driving efficiencies and effectiveness will be keys to their success. We see areas such as outsourced analytics becoming a growth area as companies seek to drive greater insights off all the data they receive from their different sources and we are well positioned to help our customers in this area. Establishing relevant data products and insights in the growing specialty areas will also be a focus for us. What is certain is that the consulting side of IMS will continue to grow. As companies restructure to meet the market challenges I foresee IMS assisting our customers in meeting those challenges.

What is your final message to the readers of Pharmaceutical Executive?

IMS is the one global source for pharmaceutical market intelligence, providing critical information, analysis and services that drive decisions and shape strategies. IMS will remain a committed partner of the industry and is focussed on long-term relationships.

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