Interview with Thomas Willemsen, Vice President and General Manager, GSK Taiwan

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Ease tell us a little about the importance of Taiwan within the context of the company's global operations, and also what there is in Taiwan that makes it so attractive for GSK.

The Asia Pacific region for GSK consists of South East Asia, Korea, Taiwan and Australia. Due to being in a group of countries that does not contain China Japan or India, Taiwan is actually the third largest market within the region. The slow growth rate of between 3 and 5% does not make Taiwan GSK's most dynamic market. However, the company views the country as a platform much like Australia and Korea, where we can launch our highly innovative new drugs because it is a reimbursed market. Due to this reimbursement system, it is a market where new treatments are widely used. For example in oncology, Taiwan is a highly attractive market.

Before becoming General Manager at GSK Taiwan, I worked in an oncology-based company, and built up an oncology business in the country. Taiwan was the leading oncology market in the region for Merck Serono after China. The market here has a lot of innovative power. The country has excellent physicians, many of them trained abroad; a high willingness to try new products, and doctors who are eager to try new treatment regimens. Finally; Taiwan has large clinics which leads to a high level of competition. There are few markets in the world that have such a dense network of high quality healthcare providers. For GSK, a provider of innovative medicines, that is very attractive.

How does GSK Taiwan's growth over the last few years compare to the industry, and how is your ranking and positioning compared to the other multinationals in Taiwan?

The current situation with market share in Taiwan is as follows: Pfizer leads the market by far, followed by Novartis, then Sanofi-Aventis, Roche and MSD, followed by GSK, placing us sixth. Globally, GSK is number three, and six years ago in Taiwan we were number two. I cannot really say that it has been a success story, although this is something that has happened in other markets as well as on a global scale. It's a story of products going off patent, and also new products not coming to the market quickly enough.

In Taiwan over the last few years, how has GSK looked to reinvent itself?

After we have analyzed where we are, we are looking now at where we want to go, and how we want to do that. Obviously, we want to turn around the trend of the recent years, and we have the ambition to become number three in the market by 2015. There are four areas we are going to focus and they are mainly related to internal changes, processes or people issues. They are summarized as "four P's": people, portfolio, potential, and pipeline.

People: GSK Taiwan had a higher turnover rate than the average. GSK Taiwan aims to lower it by setting up a new management culture and teaching leadership skills. A lot of it is about trust and communication. I assume that because GSK in Taiwan grew so large over time and was so successful for so many years, we lost focus on people. That is something we're now going to rectify.

Portfolio is related to leveraging GSK's existing portfolio. GSK is the company with the broadest portfolio in Taiwan. We also don't have many blockbusters. GSK does not have a product in the top ten in Taiwan. Leveraging GSK's broad portfolio in the fierce commercial environment of Taiwan's hospital based market is the key, perhaps through building up key account management, and accelerating customer understanding.

If you have such a broad portfolio, you need to spread your resources quite thinly compared to your competitors, who can focus on their one or two blockbusters. You need to be very smart in your investment choices and optimize your resources allocation constantly. For example, we have shifted headcounts from a team with declining sales to another one with growth potential. This was a huge step, and has never been done before. I really wanted people to understand that you cannot just always add on: you have to take away and put people elsewhere where they can add more value because we are very thinly spread. We will continue to do this in the future.

Potential is about building trust with the stakeholders. We have set up a new Government Affairs team, with a clear mandate and focus on pricing and reimbursement. GSK did not have pricing and reimbursement as a specific centre of excellence – it was done by marketing, so we are now

setting up this expertise to meet the rising demands of Health Technology Assessment (HTA) & reimbursement in Taiwan. Another important factor is medical transformation. The Medical Department in the past has been more of a global service provider doing global trials, but now I want it to transform itself into a local service provider, more focused on medical affairs, local trials and engagement of key opinion leaders.

The last piece, Pipeline, is all about bringing our rich pipeline to the marketplace faster. We have some great products in the pipeline. We have a collaboration with Amgen for denosumab, which we hope will be an important product in both osteoporosis and bone loss conditions associated with certain cancers. We're hoping to have a lot of oncology products coming in: Revolade may be the next one, and Tykerb's indication in breast cancer will hopefully get reimbursement very soon. Vaccines have a couple of products in late development, for example a vaccine to help nicotine cessation and a vaccine for lung cancer. But all of these products need to come to market faster. That's what we need to work on – engaging the government, changing the paradigm, making the system more transparent, and also doing the right trials locally at the right time. We have a new process called New Product Introduction, which involves working out long term strategies for the introduction of new drugs into the Taiwanese market.

This is GSK's change programme for 2010. At the same time, we are changing a lot of organisational structures. Oncology and vaccines both report directly to me now, the rest is now structured under a General Medicine business unit and we established a new supporting function "Strategy & Commercial Excellence" that supports all business units so a lot of other changes are happening internally to really align and move forward.

Back in 2002, Andrew Witty, then head of Asia Pacific for GSK, talked in an interview about being able to find innovative partners to work with in the Taiwanese market, and that how for GSK, this was much more of a market with potential for R&D activity than manufacturing. How are you taking advantage of that R&D potential eight years later?

Taiwan today is already one of the most important R&D hubs for our global R&D organisation. For example, Benlysta (belimumab) which has been submitted for approval for Systemic Lupus Erythematosus (SLE) has the majority of the Asia Pacific patients being recruited in Taiwan. It has been extremely well resourced here. Taiwan is definitely big on the map of R&D globally, much bigger than you would imagine given its population or number of doctors. Currently, we have about 35 global clinical trials being conducted in Taiwan, including everything from Phase I to Phase III. GSK had an R&D collaboration agreement with the National Taiwan University Hospital (NTUH) in 2007, which was the first of its kind, and was really pioneer work at that time. The MoU we recently signed with the Taipei Veterans General Hospital (TVGH) is a continuation of that. This is really our effort, but this is also GSK's philosophy to put the money where the environment is the best. The R&D environment here in Taiwan is excellent due to the people, facilities, speed, and language.

However, I do think that more can be done. This TVGH collaboration with 16 trials over the next five years is just a start. I have an aspiration – I want to bring our global head of R&D to Taiwan to show him what this market has to offer, and I want to do this soon. We are now working on some early phase development collaboration agreements with institutes like the National Health Research Institutes (NHRI), the NTUH and Academia Sinica. This will help us both globally in terms of R&D, but also locally in terms of our image in Taiwan.

When you look at the clinical trial figures for Taiwan, there is a lot of Phase III trials ongoing, but very few Phase I and II trials comparatively. Why have you selected this market specifically to do all three phases?

It's the nature of the development cycle of drugs that Phase III trials have to be much broader, and so have to be global. In phase I, you don't know if you will ever reach Phase II or III, and you tend to do them with the institutes you know, and also with the institutes that are in markets that are more comparable. One key requirement of doing earlier phase trials in Taiwan is to have a comparable treatment environment which is as advanced as US or EU.

I believe there will be more Phase I and Phase II trials coming to China, Taiwan and Korea, especially when you think about the question of genetics. GSK is now entering the oncology market. We have a lot of biological treatments, and we know that biologicals may have different effect depending on the genetic pre-dispositions of local populations. In the future, I assume there will be more at parallel trials, for example, simultaneous Phase II trials in both Europe and Asia.

Many people talk of Taiwan's pharmaceutical industry as being at a turning point. It is not just the Department of Health that's working towards this turning point, but also the Ministry of Economic Affairs. It seems that the government is coming together to develop the healthcare industry. For the multinational companies here, GSK being one of them, how do you think the future looks?

We are very bullish on the prospects for the Taiwan pharmaceutical market. With the reform of the NHI (National Health Insurance) law we see an opportunity to come back to a healthy growth for the market especially for those innovative treatments that meet the medical needs of the aging population. I think that for the first time in many years the industry has an opportunity to break out of the vicious cycle of biannual price cuts, the last one of which took 12% of the market away. Price cuts of that magnitude are unheard of, even in Europe. The possible changes of the NHI law will affect the following five key areas: The first will be a drug expenditure target. Number two is the price volume survey. Number three is the grouping of products. Number four is balance billing, and number five is HTA. These are the five topics at stake right now.

Drug expenditure targets (Ed. an annual global budget for pharmaceutical products) will hopefully replace the PVS (Ed. Price Value Surveys). By far the simplest solution would be to announce a

universal price cut, but allow the drug companies to choose which products' prices to cut.

Balance billing is controversial, because patients never want to pay more, and so patient groups are against it. The government is very much in favour of grouping, because they want to ensure that product prices come down. HTA will definitely come: I don't think we can avoid it, but it is still in its infancy here in Taiwan compared to Korea or Australia. The key for a meaningful implementation of HTA is transparency and predictability.

The reform of the NHI is crucial for GSK. We acknowledge that price cuts are inevitable: we are only asking for more predictability, and to balance the reduction of prices with rewarding innovation.

We have heard a lot about the Taiwanese entrepreneurial spirit. However GSK have chosen to put you, an expat, in charge of the operation here. Why are you the right man for the job here?

It's clear that GSK in Taiwan has to change. This change is not just limited to having new products, which comes from our global pipeline. Our CEO gave a very nice quote in a recent speech when he said we needed to "control our destiny". Why did GSK want a foreigner, and someone not from within the company? I think they really needed someone to accelerate the transformation of GSK in Taiwan. Of course, my experience in Asia was also a deciding factor I guess: I've been in China for five years, and in Taiwan for five years, I speak Chinese and I have been working in the pharmaceutical industry for twelve years. Now that GSK has a focus on oncology, my experience in that field with Merck Serono here in Taiwan may also have played a role. These are all factors, but I think the bottom line is that GSK wanted someone who is willing to push the envelope and challenge the status quo. Like in many companies that look back on a long time of market leadership, there is a certain sense of "content" in GSK Taiwan. My first impression when I came here, was that everybody seems very "nice" to each other. Internal confrontation and benchmarking to competitors where rare and debates were often rather polite than candid. I'm not saying let's be nasty to each other, but what is required is to open the windows of our nice office a little bit and recognise the reality, show some sense of urgency and acknowledge the need for change. If we are not in the top five in Taiwan, we are not going to get the top talent and the resources from headquarters, and we are not going to be recognized by doctors. The industry will consolidate over time. This is a global trend, and if we're not in the top five, we are losing out. It's not that I have all the answers – I think all the answers are available within our highly professional team, but someone needs to encourage them to look for those answers.

What would you like your final message to be to the 40,000 readers of Pharmaceutical Executive?

GSK Taiwan is positioning itself for a strong rebound in the years to come. With breakthrough products in osteoporosis, oncology and vaccines lined up to be launched, we need to ensure now

that we have competitive processes and the best people in place to make sure we maximise the opportunities ahead.

Taiwan as a market now has a real opportunity to establish itself as a biotech hub in Asia by promoting and rewarding R&D and giving access to innovative medicines. This window of opportunity is however closing as Singapore, Korea and China are moving faster than Taiwan. Taiwan may be at the « tipping point » to end a long phase of declining growth, but it will take courage and strategic considerations of all stakeholders to make it happen.

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