Interview with Cameron Marshall, Senior Vice President and General Manager, GSK Germany

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To have been recently voted one of the top five pharmaceutical companies in the German market, for just over a year, after having worked previously in Poland, the UK, France, U.S.A. and Ireland. What has your 20 year career in the pharmaceutical sector taught you about successful management in such a challenging industry, and what are your methods and style as a GSK General Manager?

The main thing I've learned from my earlier experiences is that if you can get the right people then you can become successful. Naturally, products, strategy and business environment are important, but attracting great people to your company, and then giving them the space and motivation to make a personal difference, is the key to success. In terms of how we work, GSK believes very strongly in building a constructive and respectful partnership with doctors, sickfunds and governments. The company wants to build productive mutual relationships where GSK attempts to stand in the shoes of our customers and not only see the world from our own point of view.I believe that pharmaceutical companies have an important role to play in society, and as the leader of GSK in Germany, I take that context seriously. We share part of the responsibility to help build a better and sustainable healthcare system, and GSK is determined to play a constructive role.As you suggested, there are many challenges, not least increasingly strong cost-containment policies, and multiple approaches to regulation. But let's be completely clear – Germany is an essential market for any healthcare company, and without a doubt, a positive location for us.

How is GSK contributing to the construction of a more sustainable health care system in Germany, given, as you have just mentioned, an environment of cost-containment policies, multiple approaches to regulation and strong competition?

The first step GSK has taken is to accept its responsibility – and our first axiom is ‘quit complaining’. GSK wants to be trusted as a consistent and reliable partner, and so we take not only an ethical approach to sales and marketing, but a constructive approach to payers and other stakeholders.The pharmaceutical industry has been criticized for its mistakes and its self-centred attitude. GSK is very determined to show that it can begin to play by different rules: not only to take its products to the market and promote them in an ethical way, but also to meet the wider demands of payers and systems.Moreover, in GSK we believe that it is a reasonable thing for a government or a sickness fund to ask for a demonstration of value. The company accepts its growing responsibility to prove the value of its products with supporting evidence to the payers and physicians and, by doing so, our research efforts will be rewarded.Value is the language that GSK wants to speak – therefore, we must be prepared to engage with the authorities that set the standards. In return, we expect a system that is consistent, interactive and transparent. GSK is very determined to do everything possible to make it happen. We, like others, are seeking reward for innovations. I believe Germany as a nation, as a business environment, and as healthcare environment, has a huge appetite for innovation. In pharmaceuticals, we need to engage and work to ensure the positive signals don’t get absorbed in pure cost-containment measures.Your year at the helm of GSK Germany has been very busy.

What would you highlight as the milestones of the company under your administration?

Like many other companies over the past year, GSK reduced its cost-base. The company wanted to keep investing in breakthrough research and development in order to bring more products of value; therefore, it needs to be leaner and lighter on the commercial side. We are half way, but still slimming down and ditching the non-essential.One of the more constructive initiatives that I undertook was to offer a one-year price freeze in Germany for 2009. We decided that 2009 was not a year for price rises, due to the economic reality and a clear request for restraint from payers.That we actually did what was asked came as quite a surprise to most commentators. However, GSK saw that as a natural way of doing business of showing true responsibility. Price changes are necessarily seen in a wider economic context. It’s true that we are not in the generic business in Europe and our investments in R&D must have a profitable return. However, GSK´s approach is 360 degrees of responsibility. If price is an issue for our customers, GSK has to come up with an intelligent and constructive solution that will benefit both parties, and that’s exactly what we are doing in Germany right now.Nowadays GSK is a major player in Germany with 4 sites throughout the country, 3,100 employees and a turnover of more then EUR 1.4 billion.

Which have been the company's key growth drivers and what are your expectations for 2009 in terms of growth and revenues?

Germany is one of our larger markets worldwide both from a sales point of view and from a manufacturing perspective. Our vaccines factory in Dresden exports to all European markets and beyond, and is the principal site for our manufacture of flu vaccines. This is especially relevant with the current swine flu situation. For instance, in the last weeks GSK Germany employed an extra 150 people to handle the increased demand for Dresden-made products.For 2009 – 2010 growth is a challenge. In challenging times, we need to be even more value-driven, and for this reason GSK does not intend to pursue generics in Germany. That doesn't seem to present any opportunity to add value to either the patient, the healthcare system, or ourselves. Right now GSK is applying a marketing strategy that gets closer to the concept of value in exchange for cost, in accordance with the authorities´ cost-benefit demands. GSK has a booming pipeline in vaccines, respiratory diseases, cardiovascular, HIV and OTC products.

What are the most promising therapeutical areas in the German market and what's your strategy to gain and maintain your market leadership in them?

Respiratory diseases are and will be a major therapeutical area as far as our product VIANI® (Seretide) is one of the leaders in the market. Even when someday generic competition arrives, GSK expects to retain an important part of its market share.Oncology is a significant area of future development for GSK. That's a field of intense interest, and there are many products coming out of our pipeline. GSK's challenge is to show that those products add value to the health care system both for the individual patient and for the entire system. By doing so GSK will be able to strike a balance between the price and the added value of these new drugs.This issue is very topical for the entire pharmaceutical industry and a new equilibrium is what Germany needs in order to find a sustainable health care system. For the critics of Germany I respond that this is a very attractive market. True, it might not be as 'easy' or attractive as it was twenty years ago, but governments, doctors and patients have a right to ask for value. By taking a lead in addressing this issue, GSK will bolster its position in the German market and at the same time contribute to a better system for all the parties involved.GSK is clearly committed to Germany not only as a substantial market but also as an important R&D and manufacture base.

At a time when many pharmaceutical companies are switching their production facilities to emerging markets – what advantages Germany offers to a company like yours?

Germany has a highly skilled workforce with an extremely strong and reliable work ethic. For instance, at GSK's facility in Dresden you can find top quality workers in a very dynamic environment – not to mention the support from the Federal State of Saxony.The importance of Germany for GSK is clear. This country is our number two location, second only to the USA, for

clinical research. It’s true that this is not the cheapest location on an absolute basis, but cost is not the absolute arbiter. It’s about quality, speed and value, and Germany delivers a very attractive combination of these three key elements.Germany offers excellent academic and routine hospital medicine and top quality management – both from GSK and from clinical investigators, an area where great opportunities are opening for GSK Germany.Naturally, there will be increasing investments in the developing world, but it doesn’t always have to be at the expense of countries like Germany. If Germany can maintain a stable environment and find a new equilibrium between cost-containment policies and incentive for innovation, it can continue to be of central importance for any truly global pharmaceutical player.You mentioned before that partnerships are at the very core of your German operations.

What are the main guidelines of those partnerships and how would you portray GSK as the partner of choice?

For GSK, to partner and work together with governments, sickfunds and physician groups is paramount. The company declares openly and honestly its positions and really takes into account the comments from stakeholders in order to find a healthy balance of interests. A basic strength nurtured at GSK is to always be consistent and open to dialogue.It is hard reality that in the pharmaceutical sector one small mistake committed by one player can destroy the credibility of the entire group. Our aim is to create an identity of our own, showing how committed, coherent and responsible GSK is with its partners, whoever they might be. We are not the pharmaceutical industry – we are GSK.The search for top quality personnel is a common challenge for every pharmaceutical company.

With more then 3,100 employees in Germany, how does GSK attract and retain the best talent inside the company?

GSK puts great emphasis on finding the best talent available in the market. We offer an environment which is strongly empowering, which gives individuals the chance to develop their full potential. As long as our ethical principles are fully respected, people are free to innovate, and that’s what we try to nurture at GSK.It’s important to make people connected and to feel part of a company that improves healthcare. Therefore, GSK’s Corporate Social Responsibility programs involve the employees and the community showing both of them the commitment of GSK towards a better society. Every employee is also a citizen, and they are much more motivated if they realize that through their work they are not just making a living, but also improving the lives of those living close to them and overseas.

Looking towards the future, what are your main ambitions for GSK for the next five to ten years?

Like every company executive, I have the responsibility to grow the business, and showing the value of the products is the best way of achieving that. However, above all I want to build a reputation of trust and credibility for GSK.Individual pharmaceutical companies have distinctive reputations and I want to continue to build even more strongly GSK's reputation of trust, responsibility and constructive engagement. Naturally, GSK will at times criticize the system, but the company intends to do so from a position of respect and credibility.For instance, GSK has tried to engage in a completely constructive way with the IQWiG (Institute for Quality and Efficiency in Health Care). We believe that cost-benefit analysis is not unreasonable. But the company has strong views that this assessment should be done with transparency and clarity. Differently from others, GSK is not crossing its arms and begging for this system to go away. As a company we believe that this type of organization represents a change from the past, but the idea behind it is legitimate. What GSK wants is to find a way to create a new equilibrium that works for the long-term sustainability of the whole healthcare system.

As the head of GSK Germany, what will be your final message to your colleagues from the Pharmaceutical Industry in Germany and worldwide?

Pharmaceutical companies must individually and collectively accept their responsibility, and consider the simple fact that we have no given right to exist. By that I mean that we as an industry must consistently prove our value and contribution to society.The majority of people – especially in Europe – believe healthcare is a public good, and we perhaps need all to waken up to the link between this reality and our own organization. As a private profit-making organization working inside this mostly public space, I strongly believe that no public organization can provide as much value through medicines as the profit-making pharmaceutical industry. However, this fact stresses our greater responsibility towards working in a constructive way.It may be no exaggeration to say that in Europe pharmaceutical companies' current existence and future prosperity is directly linked to the permission and approval of European citizens and their elected governments. I believe such a view is worth more than a moment's reflection.

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