Yi (York) Chen – VP, Operations & Commercial Planning, Arctic Vision, China



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Dr Yi (York) Chen, VP for operations and commercial planning at Arctic Vision shares his priorities, his wide experience of ophthalmology product launches in China, and how the company is positioning itself in relation to much larger companies in the Chinese ophthalmology market.



York, could you share your current priorities as VP of Operations & Commercial Planning for Arctic Vision?

My overall scope is to build up our operations as well as formulate and advance our business and commercial development strategy. For instance, this involves building business cases for potential new assets we are looking to in license, constructing models and assessments of potential asset launches in the Greater China market, and etc. Over the next two to five years, the focus will be on building our commercial team as our first and then potential product(s) prepare to launch in the market. My previous commercial experience at Alcon and Allergan has given me a deep understanding of the unique distribution channels in the ophthalmology industry and the differentiated pricing strategies for drugs for high unmet needs versus general medicines. For instance, the centralization of the consumption of certain prescription drugs consumption from prescription reflects the 80/20 Pareto principle very well, while for the more consumer-type general medicines, e-commerce distribution channels are very helpful.

To advance these goals, we are currently recruiting for clinical and commercial roles. To be honest, we can see the fierce competition for talent acquisition in China. At the beginning, we started with a couple of headhunters but we quickly realized that was not sufficient. Now, we have at least ten headhunters working with us across different levels of seniority. To our understand, this indicates that the ophthalmology segment is becoming hotter, due to favorable regulatory rules and active capital market investment. As an emerging ophthalmology start-up company, we target to develop therapies that treat front and back of the eye disorders. Of course, we are providing remuneration packages competitive with even the leading giants.

Currently, we are hiring primarily at the senior level – senior directors, directors, senior managers, etc. – and it is critical that they are highly experienced in the area of ophthalmology, but they do not need to be based in Shanghai, where we are headquartered.

During your time with large ophthalmology players like Alcon and Allergan, you have been involved in a number of significant product launches. Could you highlight some of the most memorable ones?

Sure, let me address your question by introducing three products. The first is Allergan’s XEN45® Gel Stent, launched in March 2020 in China for the surgical management of patients with refractory glaucoma. This is very notable because XEN45 is the first product to be approved in China through the Real World Evidence (RWE) pathway. In 2019, Allergan had partnered with the Hainan Boao Lecheng International Medical Tourism Pilot Zone to use XEN45® in the clinic prior to its approval by the Chinese NMPA. Within this pilot zone, products not approved in China but approved by the

U.S. FDA or the EMA can be used with certain permissions. Combined with clinical trial data from other countries, the RWE data collected in Hainan province was used to obtain the official approval from the NMPA. This creative attempt lays a good foundation for us to obtain rapid approvals from the NMPA for other ophthalmic products through this Hainan pathway in the future.

The second one that I must mention is OZURDEX®, also by Allergan, which is a long-lasting dexamethasone intravitreal (injected into the eye) implant. We managed to launch this product nine months ahead of schedule, and in addition, as of January 2020, this product has been listed on the National Reimbursement Drug List (NRDL), just 1.5 years later, which is very impressive, especially compared to other competitor products that took a relatively longer time.

The third is Allergan's REFRESH PLUS® launched at E-commence platform. In 2016, the product went off the NRDL so we decided to use e-commerce platforms. After doing channel check research, we formally launched the product on different e-commerce platforms in China like JD.com as well as e-pharmacies. This eventually became very successful: in China, there is a huge shopping festival on 11 November, also known as Double Eleven or Singles' Day, and in that year, nearly 20 percent of the e-commence annual sales came from that day! This result validated our initial thoughts on the importance of e-commerce platforms successfully. Actually, I still believe that e-commerce will be one of the most important platforms for OTC products like artificial tears in the future.

The above three products are just some quick highlights of my extensive experience with innovative product launches. What I want to further emphasize are the tremendous opportunities for novel ophthalmology therapies in China and the speedy regulatory processes put in place by the authorities. Combined with my experience in launching commercial projects, I am very excited and confident about our first asset, XIPERE™ to treat uveitic macular edema (UME), as well as the upcoming new assets to fulfil the unmet needs in the market in innovative ways.

How challenging is it for ophthalmology products to be listed on the NRDL? Is ophthalmology an area of priority?

A good but tough question. I would say it is not easy for any pharma company to list their product on the NRDL, regardless of the therapeutic area, because the first thing they have to do is cut the price in a very significant way. In terms of priority approvals, it also depends on the indication and the market needs. If the indication for the new product is a rare disease or the drug is urgently needed clinically, it can enter the priority review channel of the NMPA.

For instance, OZURDEX® was launched in China in 2017. After the NRDL negotiations, the price fell significantly in 2019. Especially for a global player in China, before the China team can submit their price bid for the NRDL, they also need to convince its international management team to justify the extent and effectiveness of the NRDL price cut, since the price in China could potentially index the product prices in other territory markets, and the sales in China market will ultimately contribute a lot to global sales.

However, this concern also depends on the type of product. Ozurdex® was indicated for retinal vein occlusion in China, which already had several other approved treatments on the market.

For Arctic Vision, we are focusing on novel ophthalmic drugs in accordance to our mission “Innovative Visioning is Our North Star”. We believe that the significant unmet medical needs in this area will allow us to retain a ‘value-oriented’ premium. To better plan the commercial program of our products, we have prepared and will continue to prepare plenty of pharmacoeconomic studies with local KOLs. This is a crucial aspect that the Chinese regulators are starting to place more emphasis on.

As a new biotech, how would Arctic Vision position itself within the market against huge players like Allergan and Alcon?

Since inception, we at Arctic Vision have realized that we need to stand out from the crowd. Conventionally, in the last decade, ophthalmology has seen a different pharmaceutical strategy with Big Pharma acquiring pure-play ophthalmology companies. For example, Novartis acquired Alcon, Johnson & Johnson acquired Abbott Medical Optics, and Valeant acquired Bausch + Lomb. The perception is that Big Pharma is usually more interested in ‘blockbuster’ products. Therefore, typically, Big Pharma companies in China have tended to set up huge commercial and sales teams to penetrate the market more deeply and reach as many patients as possible. They might have to cover over 4,000 and up to 20,000 hospitals. Many pharma companies, especially the domestic giants, prefer to invest a lot of resources on their sales and marketing team, which is usually very costly in terms of selling, general & administrative (SG&A) expenses. Therefore, their distribution channels are very broad and as an emerging biotech, we should not compete directly in the same way.

Based on that, Arctic Vision’s differentiation comes from three aspects. Fundamentally, we are convinced that the China ophthalmology market is still a relatively blank slate with huge potential for innovative therapies and drugs, compared to the more mature global market. With our

grounded and experienced leadership team, we are confident that we are capable of identifying and introducing global cutting-edge technologies to China. In terms of portfolio build up, we are dedicated to building a premier and innovative product portfolio, which would allow us to focus on reaching hospitals in top-tier cities, instead of competing directly with Big Pharma across broad distribution channels. Lastly, although we are a China-based clinical-stage biotech, our science will align with global trends and developments. We have a strong and solid international KOL network to help us familiarize ourselves with novel products and patients' real unmet needs.

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