Sean Shan – President, Takeda China

The Chinese market rewards sustained engagement and commitment, and companies that invest long-term will reap the benefits

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2024 marks 30 years for Takeda in China, and the company has been outstripping the overall market to grow by double-digits in the country since 2020. Sean Shan discusses how he has led this remarkable trajectory, focusing on Takeda's strategic vision, key product launches, and commitment to innovation. He highlights the company's successful localization efforts and the critical role of talent acquisition in sustaining growth.

Could you provide an overview of your career journey in China and what led you to Takeda?

I joined Takeda in September 2017, after an extensive career in the pharmaceutical industry with three of the largest multinational companies in China: Xian Janssen (a member of Johnson & Johnson), AstraZeneca, and Pfizer. My career began in 1996 at Janssen, where I spent nearly eight years. In 2003, I moved to AstraZeneca, where I stayed for another eight years, and then joined Pfizer in 2011, where I remained for six years.

Throughout my career, I have held commercial roles, starting as a sales representative and progressing through various management positions. I eventually became VP in charge of primary care at AstraZeneca, a division that contributed almost 80% of the company's revenue. At Pfizer, I shifted my focus from primary care to specialty care, leading the oncology business before assuming the role of General Manager for the Innovative Health division. This division later evolved

into the current structure of Pfizer. I decided to join Takeda in 2017, drawn by its growth potential in China and its focus on innovative healthcare. At Takeda, I take full responsibility for Takeda's overall strategy and performance in the market, including Hong Kong and Macao, a key manufacturing site in Tianjin and R&D in Shanghai. Because of this, my role also involves collaborating broadly with multiple functions (such as R&D, manufacturing & supply, regulatory etc.) to ensure the company's continued success and contribute to the development of China's pharmaceutical landscape.

How has Takeda's presence in China evolved since you joined, and what key milestones have defined its growth?

When I joined Takeda in 2017, the company's footprint in China was relatively modest. While Takeda had strong brand recognition, it was far from being a market leader, and it wasn't seen as an attractive destination for top talent. At that time, Takeda ranked approximately 23rd in terms of revenue among multinational companies operating in China, excluding local firms. What drew me to Takeda, however, was the company's strategic vision articulated by our Global CEO, Christophe Weber. During our initial conversations, he shared with me a bold commitment made by the board in 2015 to invest RMB 300 million (USD 42 million) annually in China, regardless of the global business's performance. This visionary decision was aimed at rapidly advancing our pipeline and accelerating Takeda's footprint in the region.

This commitment to strategic investment was particularly prescient, given the regulatory changes taking shape in 2015 State Council issued 'Opinion on the reform of regulatory review and approval system for pharmaceutical products and medical devices.' The 'Opinion,' which acts as the guiding principle for directing NMPA introduced a series of important documents on review and approval reform to point the way for accelerating the reform of drug regulatory legislation. Christophe Weber saw it as an opportunity to help resolve the registration backlog and improve the efficiency of the drug review and approval process. He understood that these reforms, though initially challenging, were designed to elevate the regulatory framework and reward companies that committed to innovation and quality standards.

This perspective gave me confidence that Takeda's investment in China would not only help us navigate these changes but also position us for long-term growth as China's pharmaceutical market evolved.

How has Takeda's long-term strategy influenced its success in China, and where do you see the market position by 2030?

Upon my arrival at Takeda, we launched a forward-looking five-year development plan for China, named "Aspiration China," which spanned from 2020 to 2025. The strategy was designed with a focus on sustainable, long-term growth—moving away from short-term gains. One of our primary goals was to introduce over 15 innovative drugs, either first-in-class or best-in-class, to the Chinese market. I'm very proud to say that we have achieved this ambitious target. Beyond product launches, we also aimed to expand our reach to benefit more than 10 million Chinese patients and solidify Takeda China's position as the company's third-largest market globally.

Since then, the results have been impressive. By 2022, Takeda China had cemented its place among the region's top 10 multinational pharmaceutical companies. Today, Takeda China ranks as the third-largest market for the company, surpassing established markets like Canada, Germany, and the UK in terms of revenue, and our presence has grown nearly six-fold in recent years, a clear testament to the effectiveness of our long-term strategy and execution.

Looking ahead to 2030, we aim to deepen our market leadership, continuing to build on our foundation of innovation (i.e., portfolio, digital, business model etc.) operational excellence, talent development and our commitment to improving patient outcomes across China.

What are the key lessons you've learned from executing Takeda's strategy in China, and what are the essential elements for success in this market?

Executing Takeda's strategy in China has highlighted the importance of three critical pillars: speed, talent, and strategy.

First and foremost, speed is paramount. The Chinese market is fast-moving, and staying competitive requires an ability to make quick decisions and execute efficiently. A key example of this was during the integration of Shire into Takeda, which required rapid alignment and the swift implementation of operational changes to ensure seamless integration.

Talent acquisition has also been essential. When I joined Takeda, the company faced challenges related to its smaller presence in China and the need to enhance its talent pool. To address this, we implemented a focused recruitment strategy. For key leadership positions, we sought top industry talent, while for other crucial roles, we focused on high-potential individuals who were eager to grow alongside the company. Takeda China now has around 2,500 employees and this approach

allowed us to build a strong leadership team and a robust managerial structure that has been critical to our success.

Lastly, strategy is indispensable. Early in my tenure, I posed an important question to Takeda's leadership: Should we remain a best-in-class, smaller company, or should we aim to become one of the leading multinational corporations in China? I believed that, with the right approach, Takeda could rise to the top of the market. The reforms initiated in 2015 by the National Medical Products Administration (NMPA) and the National Healthcare Security Administration (NHSA) in 2017 reinforced this vision, as they created a more favourable environment for innovation and regulatory clarity.

Internally, we made bold moves, such as relocating Takeda's Development Center from Singapore to China in 2017. This not only signaled our commitment to accelerating development in China but also reinforced our belief in the long-term potential of the Chinese market.

In a market with such speed and potential, how important is localizing certain parts of global operations to ensure that a China perspective is elevated in the boardroom?

Takeda's success in China is deeply rooted in a strategic approach that emphasizes swift decision-making and localized operations. Direct collaboration with senior leadership has been crucial in aligning market strategies with corporate objectives. When I first joined Takeda, I worked closely with Ricardo Marek, President of Takeda's Growth and Emerging Markets Division, who spent significant time in China to ensure our objectives were well-synchronized with both local market dynamics and Takeda's internal priorities. This collaboration led to the creation of the Aspiration China five-year plan, which was endorsed by CEO Christophe Weber and the board, setting the groundwork for our operational actions.

Localization has been a central pillar of Takeda's success in China, not only in terms of physical infrastructure but also in cultural alignment. Early on, the company made the strategic decision to relocate the Takeda Development Center (TDC) Asia from Singapore to China, which enabled a more effective response to local needs. Establishing a full value chain in China—comprising R&D and clinical trials, manufacturing, supply chains, commercial operation—has significantly enhanced our ability to execute with speed and efficiency, while ensuring compliance with local market demands and government policies. The expansion of Takeda's footprint in China and its localization are the fundamentals to ensure strong business results. The key to unlocking potential is to shape local culture and talents for the future.

We are dedicated to intensifying our focus on shaping our organizational culture, fostering personal growth, and seizing opportunities to unlock the full potential of our people. Our goal is to cultivate a talent hub that not only retains top talent but also consistently delivers an exceptional employee experience over the long haul.

In a market as complex as China, how does Takeda balance integrity with the demands of localization, and what impact does this have on profitability?

At the core of Takeda's operations is an unwavering commitment to integrity, which remains non-negotiable despite the pressures of localization. As our presence in China grew, so too did the need for a robust compliance framework, ensuring that ethical governance was embedded across all levels of the organization. Takeda responded by implementing a comprehensive system that included over 100 compliance ambassadors, creating a seamless bridge between headquarters and frontline teams, fostering a culture of transparency and integrity.

In parallel, Takeda refined its internal processes, notably reshaping the Delegation of Authority (DOA) system to empower decision-makers without compromising on compliance. The company also proactively updated its Code of Practice in collaboration with the R&D-based Pharmaceutical Association Committee (RDPAC) to ensure that it remains aligned with evolving industry standards. This commitment to ethical standards has not only safeguarded Takeda's reputation but has also enabled the company to navigate the regulatory landscape effectively.

How has the *"growth and product launches"* focus helped Takeda to navigate the market conditions in China, marked with price pressures while there is a tangible need to bring innovative therapies to such a vast population?

Takeda's strategic focus on growth and product innovation has been instrumental in our success in China, where we've achieved substantial progress in recent years. In 2017, before the acquisition of Shire, we recognized the shifting regulatory landscape, particularly the introduction of Volume-Based Procurement (VBP) and Generic Quality Consistency Evaluation (GQCE). To adapt, we made a decisive move to refine our portfolio, spinning off mature cardiovascular and metabolic brands in favour of high-growth therapeutic areas like oncology, gastroenterology, neuroscience, and rare diseases. This shift has been remarkably effective, with our newly launched products now contributing more than 80% of our revenue in China.

Our new launches combine fast-track approvals with fast access to the national reimbursement drug list (NRDL), helping Takeda to drive the “Elevate China” strategy, supporting sustainable growth and providing access to innovative medicines to Chinese patients.

The evolving regulatory environment, shaped by the National Medical Products Administration (NMPA), has played a pivotal role in facilitating our success. Since 2015, the NMPA has implemented reforms to streamline drug approvals and incentivize innovation, including accepting global clinical trial data for rare diseases and establishing expedited channels for breakthrough therapies and pediatric drugs. These changes have significantly enhanced the speed and efficiency of the approval process, helping Takeda to keep its pipeline robust and to remain well-positioned in China’s dynamic market.

Although the approval process for new indications can be lengthy, Takeda’s cross-functional teams work diligently to navigate regulatory complexities, ensuring smooth submissions. The NMPA’s progressive reforms have aligned perfectly with our growth strategy, enabling Takeda to continue its expansion and solidifying our long-term commitment to China.

What role does Takeda play in shaping the rare disease landscape in China, and how is the Chinese government’s approach influencing your strategy?

Takeda is deeply committed to shaping the rare disease landscape in China, recognizing it as a critical area for both growth and innovation. Since 2018, the Chinese government has shifted its focus from merely listing drugs to identifying and prioritizing rare diseases for treatment, with the list growing from 100 to over 200 conditions today. This proactive approach sets China apart from other markets, as it focuses not only on treatments but also on the diseases themselves, creating a supportive regulatory environment for companies like Takeda.

For Takeda, this policy shift is highly encouraging, offering opportunities to leverage global clinical data, apply for clinical trial waivers, and access other regulatory benefits that expedite access to treatments. However, despite these incentives, the challenge of addressing all 7,000 recognized rare diseases remains vast. In China, there are nearly 20 million people who suffer from a rare disease, and while the government is making significant strides, the journey toward comprehensive care is long-term.

Since Takeda’s acquisition of Shire in 2018, we’ve expanded our rare disease portfolio, bringing nine innovative treatments to China, including the only individualized prophylactic FVIII dosing

calculation software approved by the NMPA, now in its third version. This product underscores Takeda’s pioneering role in the rare disease space and reinforces our ongoing commitment to improving care for these patients.

What is Takeda’s vision for the next decade in China, and how is the company positioning itself to capitalize on evolving market trends?

Looking ahead, Takeda’s strategy for the next decade in China centers on three key objectives. Firstly, we aim to strengthen China’s position as our second-largest global market, building on our success in rapidly introducing global innovations to the local market. This momentum, which has seen us bring cutting-edge therapies to China in recent years, will be crucial to our continued growth.

Secondly, we are focused on facilitating the flow of Chinese innovations to the global market. China has emerged as a significant player in global innovation, and we see immense potential in collaborating with local biotech startups to bring their groundbreaking therapies to both China and the world. This growing capacity for innovation is reflected in an increasing number of partnerships, such as our agreements with HUTCHMED and Belief BioMed, and our recent expansion with Ascentage Pharma.

Lastly, Takeda is committed to becoming a leader in digital innovation, leveraging data-driven solutions to transform healthcare. China’s unique digital ecosystem presents an exciting opportunity to develop breakthrough healthcare solutions. Through initiatives like TakedaSpark, a digital innovation incubator, we aim to accelerate the development of digital health solutions that benefit both the Chinese market and Takeda’s global operations.

Looking to the future, I believe that China’s fundamental strengths—its economic resilience, aging population, and technological advancements—will continue to drive growth across industries, including healthcare. The country is on track to not only remain the second-largest market but also to emerge as a global leader in healthcare quality. While multinational companies may face challenges such as currency fluctuations and pricing pressures, these are not unique to China; similar issues are being encountered globally.

The key takeaway for international companies is the importance of adopting a long-term strategic perspective. The Chinese market rewards sustained engagement and commitment. Companies should focus on building enduring relationships and investing in long-term growth, rather than reacting to short-term obstacles. By doing so, they will be well-positioned to capitalize on the

immense opportunities that China offers.

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