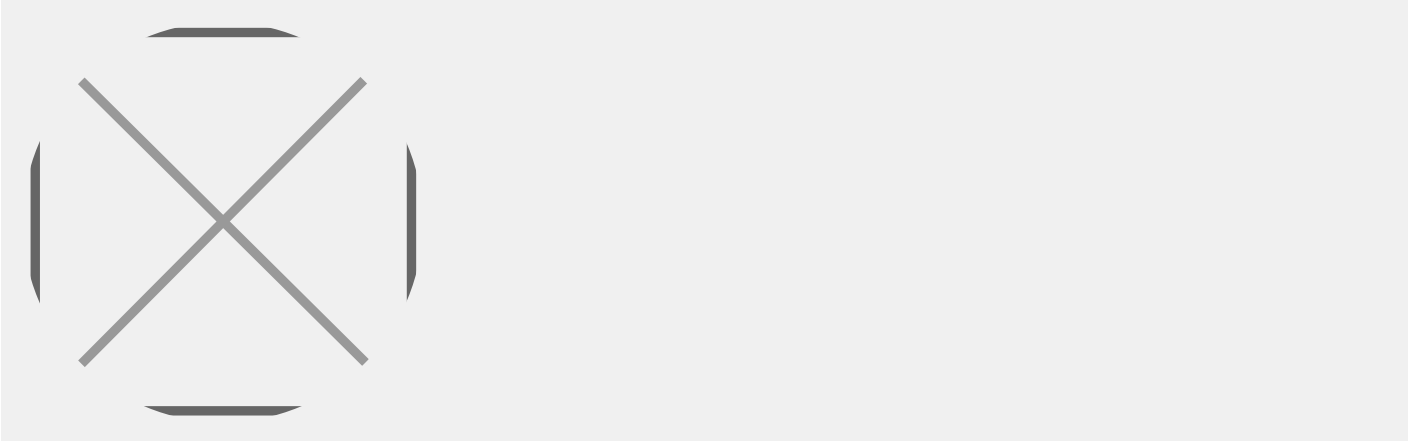
Interview: David Setboun, Country President, AstraZeneca Portugal



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David Setboun, Country President of AstraZeneca, discusses the opportunities that the Portuguese market can bring despite economic downturn, and the future of the Portuguese affiliate in expanding to new therapeutic areas.

In what way do you think the pharmaceutical industry can act as an engine of economic recovery and development in Portugal?

There is a growing willingness from the government to start talking about healthcare not only as a cost driver, but also as a revenue driver: you have an aging population on one side, and strong infrastructure on the other, and some strong pharmaceutical companies as well as integrated R&D centers in the country. The potential for future growth is in place, on a horizon of three to five years: there is a developing trend towards innovation, including research centers established under public private partnerships, and a centralized university and research institute at Porto which creates a hub for talented researchers.

The second platform for growth is the opportunity that extends from Portugal towards other Portuguese speaking countries, such as Mozambique. Thirdly, and most recently, Portugal has been looking at opportunities to increase medical tourism, particularly for patients of long-term chronic diseases.

However, I do need to be very clear that in the last couple of years, the pharmaceutical industry in Portugal has paid the highest price of all industries in terms of cuts, and has been forced to make the biggest sacrifices. We are still adapting to these market shifts; the potential for growth I speak of will come only in the next three to five years as a result of them.

What is it going to take to attract companies to come to Portugal and make use of its R&D capacity given the current environment?

The macroeconomic situation is the first issue. Once the debt and its cost in Portugal have been extracted from the balance sheet, investors need to be able to see positive growth. Once Portugal can get back to that, investors can start to feel confident that the engine is running that will drive the country back to its old financial standing. A positive macroeconomic situation will drive research as well, but another factor that needs to be in place is a clear strategy from the government to attract clinical trials from a cost and tax standpoint, as well as the legal side.

There is also the potential to attract manufacturing back to Portugal: there is a very good workforce here and the cost of manpower is relatively low for Western Europe. Incentives for investment in production could start to bring back some of those pharma companies that once manufactured here, but what is critical is a common strategic objective between the state and the industry associations to reach this goal.

AstraZeneca has consistently invested its R&D in new innovative products, with little focus on generics or OTC. In a country like Portugal, where the government has strongly favored generics as a means of cutting costs, what implications does that have for you as a company?

As a company purely driven by innovation, you are going to be in favor of generics: I do not think of brands and generics as two opposite elements. What is critical for companies like AstraZeneca is that the government be as efficient as possible at reducing the cost of products that are off patent, and then the competition in the price of generics will be so strong that you have the lowest cost possible, which then frees up money to fund new innovative products and investment.

AstraZeneca has been in Portugal for more than 75 years: for us, one or two crisis years will not change our commitment to the country. We did have to adapt our structure and reduce costs massively last year, but we are here to stay and contribute to the overall economy and the health of patients, especially in cardiology and metabolic, where we have a role to play for not only bringing new trials, but educating and bringing access to hospitals.

How important is the consistency of growth rate for AstraZeneca in Portugal?

AstraZeneca's rate of growth in Portugal has been pretty strong: we are one of the biggest players here, and this will continue in the long term. Even if there is trouble now, the Portuguese people will not want to lose access to innovation forever and the best treatments that they once had. For this reason, we are optimistic about our continued growth here in the years to come.

AstraZeneca's global HQ just moved from London to Cambridge in the UK, and there has been discussion about how that will affect the company not just in the UK but worldwide. Do you see the ripples from that decision coming to the Iberian Peninsula?

AstraZeneca's new CEO, Pascal Soriot arrived a year ago with a certain number of critical strategies to implement. One of them was 'achieving scientific leadership', and from all the different elements this is the one that is starting to change the entire organization across the globe, from manufacturing to sales reps and scientists.

By driving to achieve scientific leadership in certain therapeutic areas, Soriot is putting the entire company behind the idea and is really AstraZeneca back to what it does best, which is innovating and finding new drugs. In this platform of change, clusters such as Cambridge bring new providers centered in the same place and therefore more competition. I do not see the move as an issue at all. We have seen his ability and that of the board to attract very senior and talented scientists to the company. It resonates more than it frustrates.

In Portugal, to what extent are clinical trials a part of AstraZeneca's activities, and in what indications are you most focused on?

We are going to have six studies here this year, which is sizeable for a country like Portugal We are concentrated in three areas: oncology, infection, and cardiometabolic. We are now looking in to diabetes, and some of the opportunities that this area could bring.

Some efficiency elements of studies in Portugal, and the ability and freedom to conduct studies in hospitals still need to be put in place: administrative burdens are still slowing down the trial process, and there are few incentives in place to attract trials to Portugal, away from countries in Eastern Europe. We are able to bring trials here because of our long-term relationship with Portuguese opinion leaders. However, from a pure efficiency standpoint, there is still a long way to go. There is also the fact that the innovative drugs for which trials are being conducted might not be introduced in the country until five years after they have been approved.

You have had the opportunity to work in a number of positions over the years with different companies. Why did you choose to take on the role as head of AstraZeneca Portugal at such a difficult time?

It has always been something that I wanted to do: I wanted to run a business for the pharmaceutical industry, and with EUR 170 million turnover, the Portuguese affiliate is a sizeable opportunity. Having French nationality and coming from the south of the country, adapting to the Portuguese culture and understanding was relatively easy. This is not to downplay the fantastic challenge that was presented to me here, but I like challenges.

What is your strategic vision for the future of AstraZeneca Portugal?

We are 100 percent aligned with achieving scientific leadership in Portugal. In three years, I would love to have the main innovative drugs in oncology, cardiology, respiratory, to be approved and working in the country. I want to have an increased R&D presence in the country; I want to make sure that we have more science centers, that the quality of the researchers and hospitals being used match European standards, and are conducting scientific studies, exchanges and conferences. And finally, I would love to be able to say that we have reached a landmark for two critical areas: one in cardiovascular, where we are looking at new treatments and in the case of acute coronary syndrome this is already a reality; and second, in infection, reducing the rate of MRSA in Portuguese hospitals.

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