

Interview: Christian L Macher, General Manager, AstraZeneca Taiwan



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You have been in Taiwan now for ten months. What are the most important characteristics of this market from your perspective, and what surprised you most about Taiwan?

Taiwan is a highly developed economy to start with; it is a very established market, with a very good healthcare system. The very low cost of this system was the big surprise: according to IMS, Taiwan only spends 3% of its annual GDP on healthcare, which is extremely low compared to other countries. At first you think this is a good thing, because Taiwanese hospitals deliver good service and it is also very accessible, but on the downside they are relatively slow in giving access to new drugs. The latest AstraZeneca drug to be approved in Taiwan got market access later than it did in the Philippines, which is something that the authorities here do not like to hear. So it seems the low costs also come with delays for patients. And the prices are extremely low: for example, on one drug, we get a higher price granted in China. Although we still launch products in Taiwan, the authorities have to be careful, because they are not rewarding innovation with this strategy.

Since arriving here ten months ago, we have already decided to not introduce a product because of the low reimbursement price we were given. We still have the product available to patients through self-pay, so if they want it they can get it, but unfortunately we could not make it broadly available.

Is self-pay something that you are focused on?

Not at all, because 97% of patients are covered by the national health insurance here, and that is one good thing about Taiwan, and something of which the country is rightly proud of: anyone can walk into a hospital and get treatment, which is great. There is some wastage in the system, and there are some important differences between the western and eastern concepts of hospital treatment, but overall, it is positive.

How would you rate the attractiveness of the market today for multinational companies, based on growth, transparency and sustainability?

The market is now in decline; the way we are currently confronted by the second-generation healthcare reform is anything but clear. Before, the market environment was clearer, and I hope that this element will return in the future to ensure a better planning horizon for the pharmaceutical industry. The market is probably not sustainable either: it was a very solid market for established drugs, but now with the second-generation healthcare reform that too is changing that. Finally, as I said, the pricing is among the lowest in the region, and not rewarding for innovation.

My advice for this market is to launch and see. The only way you can survive in here is if you have a lot of innovations, because then you don't have to compete with generics. You get a lower price for your drug, but no one else can promote the product, and then you just have to see how you make it through the healthcare system changes with your mature products. Once you lose exclusivity on your innovations, the government will now force a price adjustment on you at a 'reasonable level,' based on prevailing market conditions. We have been trying to find out for a year what this means and we starting to understand some of the details. Previously, the price adjustment model was based on the discounts given to the hospitals, which became the next price adjustment. We were trying to keep the principle this 'Price Volume' system in place, so at least we were able to plan a little better. With price adjustments done like this, you could compensate for the lower prices through higher volumes, but now those adjustments become even steeper and that makes it almost impossible to make up the difference by volumes alone.

If the market is negative, why did you accept this assignment?

You do not necessarily need to be in a positive growing market to have fun! I was thrilled to come to Taiwan after two to three years in a global strategic role, where I was responsible for oncology and neuroscience across the globe, travelling the world and working strategically, to going back and rolling up my sleeves, shipping boxes and leading an organization. I am convinced that this is the best way to grow within a large multinational company: take a strategic role, go into the

market, go back to a strategic role, then go back to a bigger market. That is how you do things, versus sitting in an ivory tower doing strategy and not knowing how to sell, or becoming so operational that you cannot think beyond one year.

A general manager today has to work with both functions and regions, so my experience of having worked in these different areas comes in handy. If suddenly you have a patent litigation here, you know how the global guys think and what to do: you need to get your IP lawyer on the phone, and make sure there is a local legal counsel, and as a result of your experiences, you automatically know how to do this. If you have never done it, or have grown up in a country and never been exposed to these issues, this is much more difficult. This is why, when we think about talent development, one key aspect of our strategy is to push people out of their comfort zones, and provide them with challenging regional or global exposure, because of the benefits they can derive from it. I would even go as far to say that without this, you shouldn't be moving into a General Manager type of role.

As to the question of why I moved to Asia: as a little boy I lived in Indonesia, so I have a high affinity to the region, and I always wanted to come back and work here. Looking back, I have to say I'm very lucky, because Taiwan is a very comfortable and civilized place. You have the best of Japan mixed with Sino culture, people are friendly, curious and well educated, the country is beautiful: there are islands, beaches, mountains, you are very well placed both for Southeast Asia and Northeast Asia. It is a bit of a hidden gem to live and operate from. I didn't ask for it, but I was lucky to get it.

Based on your experience, what is your strategy to navigate this market? What changes have you made at AstraZeneca Taiwan in this first year?

As I said, my strategy here in Taiwan is to launch and see. We are blessed have a couple of new product launches, and some ongoing trials on market brands to provide more data. My focus is on launching either brands or new clinical initiatives, and providing physicians with new data to convince them that AstraZeneca has the best products. As a result of this strategy, we are not the biggest company in Taiwan, but in our therapeutic areas, we are either number one or number two.

The next strategy is to be smart at the mature end of the market, by exploring new models. We are experimenting with 'inside sales' - reps calling doctors to pitch over the phone combined with digital activities, which is much more cost effective and productive. We are also playing around with a few aspects of the business model to increase profitability of our mature brands.

We have also just launched what we call a 'cultural journey' here in Taiwan. Whenever you talk about values, or attempt to change the culture of an organization, you have to make sure that you connect it to the business. Within the Asia Area of AstraZeneca, we do this with what we call the four Cs: courage, collaboration, creativity and caring. We translate these four Cs into examples that tie the culture to the business. As well as releasing a booklet with examples of each of the four Cs in action, in Taiwan we have also created case studies from the leadership team, to better explain to the organization how the four Cs can be put into action, and pinpoint the behaviors that we want to establish in our organization.

I am convinced that is the most powerful thing I can do in my whole time in Taiwan: embedding this type of thinking, and letting the team apply it to the business priorities. And if they behave that way, then I don't need to think about winning or market share.

You worked for Procter & Gamble for over a decade, and joined AstraZeneca at a time that the company was generally acknowledged to be in a lot of trouble. Why did you join the company?

Procter & Gamble was and still is one of the greatest corporations, and I am very thankful for the opportunity to have worked with them and learn many things. But my heart was always in healthcare, and particularly pharmaceuticals. I am a scientist by training. At the end of my time at Procter & Gamble, the company sold their pharmaceutical business, and I realized it was time for me to move on.

At the time, AstraZeneca offered me probably the biggest challenge I could get, oncology. As a scientist, I was thrilled by this opportunity. There was a big pipeline at the time when I joined in oncology, although not all products launched successfully. I was to be marketing director of the international business, which meant everything outside of the US. Shortly after this, I became VP for oncology and after this, added neuroscience to my portfolio. I had a great ride, dealing with new therapeutic areas that I had never touched before, and oversaw some excellent product launches.

Part of my ambitions when joining AstraZeneca was that I should have an opportunity to become a general manager, as that is always what I wanted to do. Now with Pascal Soriot at the helm of the company, and the focus that he is providing, things look pretty for the AZ. While many companies are looking to diversify into OTC, AstraZeneca is remaining focused on its core business of innovative bio-pharmaceuticals. The grass is not necessarily greener on the other side.

What do you see for the future of the company in Taiwan? If we interview the general manager of AstraZeneca Taiwan in five years from now, will the company be in a

stronger position?

Probably yes, and I hope that the cultural element will be a big foundation for that. I hope that the brands that we will be launching will replace some of the blockbusters that we currently have, and I am very hopeful that some of the products that are currently in the pipeline will have made their way to Taiwan.

At the same time, what is really important is trying to work hand in hand with local stakeholders. Companies need to have a good interaction with the key hospitals. AstraZeneca just signed its first MoU with the VGH in Taichung. They have been involved with 20 Phase III trials already for us, and it is now important that we go there and make this collaboration more official, because they are a very good research clinic, like many others in Taiwan, that does an excellent job at a reasonable cost. We hope in the future that we can take advantage of cross-strait regulatory harmonization and capitalize on Taiwanese trials for the Chinese market. Also, by developing relationships with stakeholders, we are better able to push for what we want, which right now is better reimbursement and improved market access for our new medicines.

What advice can you give to other expat managers about how to successfully manage a pharmaceutical affiliate in this country?

I would start with the cultural element. There is a lot of talk about adapting to local habits, but I have learned that if you have a genuine interest in the people, culture, and what is going on, it doesn't matter what cultural background you have. Learn some of the 'etiquette' rules, but have a genuine interest. From a business standpoint, try to get as many new products introduced as you can, and launch them with the highest focus you have, and get out there early in building relationships with local stakeholders.

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