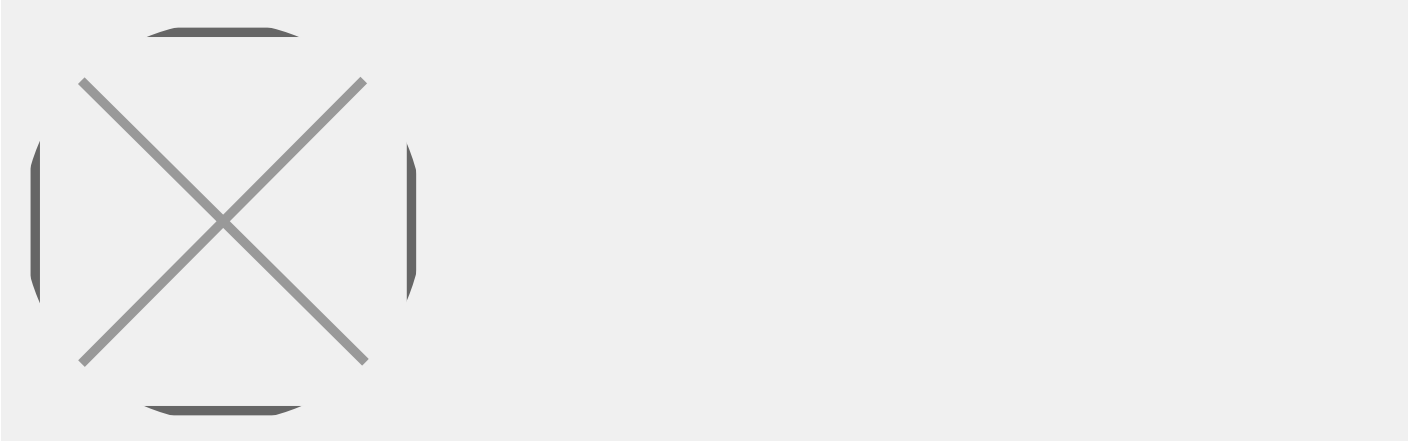
Interview: Ulf Wiinberg, CEO, Lundbeck



16.07.2013

Tags: Array, Lundbeck

Ulf Wiinberg has been CEO of Lundbeck since June 2008. He was previously with Wyeth for 27 years. Ulf Wiinberg is a board member of EFPIA in Europe and of PhRMA in the United States and serves on the Industrial Policy Committee under the Confederation of Danish Industry (Dansk Industris Erhvervspolitiske Udvalg). He shares with us the changes he has instigated in the company since taking over and his hopes for the company's future in the USA and in collaboration with other stakeholders.

As the blockbuster sales model begins to fade, the rush is on for a new formula for growth characterized by niched, balanced, and sustained growth that is more patient friendly than patent-centric. How well do these new realities of the pharmaceutical industry fit Lundbeck?

What you are saying is perfectly right. But to put some color to it, historically companies only wanted to discover and develop blockbuster products. But when you look at the industry's productivity you don't really know if it has blockbuster potential until you have an improved label. So you have to define if there is a medical need and, if it is early in development, whether the biology suggests that the product can meet the need in a different way than other drugs.

Then you take it forward. If you say that a difficult blockbuster has to generate more than $1 billion in sales, then you perhaps lower that threshold and say that it is still worth developing for a couple hundred million dollars in sales if it can help a large number of people. Then you can still get lucky and get a blockbuster out of it.

What we are trying to do is develop and bring several products to market now whose potential we estimate to be a couple hundred million dollars in sales, but we don't quite know yet whether a blockbuster will come out of them. That has been the script that we have followed. We have launched 5-6 products in the last few years whereas historically we would only launch a product once every 4-5 years.

We launch a number of products, we see how they come in, develop, and come through. In very difficult fields such as CNS, where no good biomarkers are available, the outcome of the phase trials become very important. Hence only developing blockbusters becomes a difficult model to sustain. That said, we still have products that we are hoping to launch that may very well become blockbusters. But the decision may come about to still develop them even if they will not turn into blockbusters.

To what extent do you need to transform the way the company works to adapt to this?

I started in 2008 and we were mainly a European company with some good businesses outside. Then we were very reliant on Lexapro in the US, which Forest did an excellent job of making a big success. Having lost Lexapro to patent expiry in 2012, finding a new one is not something you can do on demand.

So we decided to diversify the business and turn from a European company into a global one. This for us meant finding many products that have that $200-300 million potential, possibly more depending on how we develop them. But those revenues still make for a good product for us. To use an American baseball term, a blockbuster is a "home run" product.

But what we decided to do is go for base hits and maybe some of them will turn into home runs. We bought Ovation in the US, and we launched several products of that size. Now we are launching Anilify Maintena and Selincro, which we think will be bigger products. And we expect to launch our new anti-depressant towards the beginning of next year, which we hope will be another blockbuster.

We also have a stroke drug in development and if that works it is likely to be a blockbuster. But regarding the innovation approach, if you say to your R&D team that they are only allowed to develop blockbusters, then it will stifle innovation and the ability to move forward.

As part of the old blockbuster model, all R&D units were self-contained and worked secretly on their own. What we are trying to do is open up much more to partnerships in order to go with the best sciences. So we have number of academic and small company collaborations. We also invite partners.

For instance we have fantastic partnerships with Takeda and Otsuka Historically we have had a fantastic partnership with Forrest. So that's where you can have a more ambitious agenda, and at the same time get the best knowledge and share the risk.

When meeting with Dr. Barker, the former head of the Association of the British Pharmaceutical Industry (2004-2011), he spoke of how crucial it is for the pharmaceutical industry to regain the trust of society by fighting disease through broader stakeholder collaboration. To what extent can Danish companies be frontrunners in developing new forms of cooperation, having grown up in a consensus-based society?

Lundbeck is a small to mid-size company on the global scene. But we have been very active in establishing IMI, which is a way to share data and knowledge with other companies so you can speed up and make early stage development more cost effective. That is one way where we are opening up to other stakeholders. All companies today need to engage and talk to the key policy makers about their portfolio.

When you put a drug in Phase 3 you have to decide whether the drug has a chance to make a difference for patients and if society will be willing to pay for it. Then you can have discussions with key stakeholders and understand whether there is a medical need. If we can do that in a different way from other drugs, then we are more likely to invest the money in a way that is good for patients and which society is willing to support. To some extent there are a number of things we can do like that.

It is important to recognize that the people who develop the drugs have the greatest insights. Earlier on in my career I was part of Enbrel in Wyeth. While we on the commercial side didn't understand that it stopped the disease and was changing lives, the sciences guys certainly did. So you have to trust the science and work with stakeholders, but ultimately you are likely to have the best knowledge of what the drug can do for patients – with all its risks – when you decide to put it through. Today we engage in discussions with different stakeholders on decisions we are making in development in a very different way than we did yesterday.

Are foundations the recipe for healthier profits in the pharmaceutical industry?

I cannot say whether they are the recipe for healthier profits. But we are there to develop new medicines for patients and developing medicines is a long-term, high risk proposition. Therefore it's good for owners who are long-term and who have the patience to see through a development program in every sense. For all Danish companies, the foundation ownership structure has been beneficial.

It is not unusual that a drug takes 7-8 years before being granted approval. No matter how exciting it is for an institutional shareholder to own a share for that time period, it is difficult to sustain. But for the foundation it is easier if you sense the progress.

In that sense it has been very good for the Danish pharmaceutical industry to have this as part of the ownership model because it allows for a long-term view which is necessary in our industry if you are going to develop new products for patients.

If you are rationalizing – which has happened a lot in the past few years – then mergers are important for making the business more effective. But when it comes to creating new product innovations, the long-term is important. You have to have patience and stay with it.

The US has been branded Lundbeck's "emerging market." Are you content with Lundbeck's performance in the US?

Yes. I spent most of my career there. It is the number 1 pharmaceutical market in the world. When I joined Lundbeck, I felt that it did not make sense that a company that goes after one of the most difficult and expensive areas to develop drugs, was not present there.

It became my key priority to establish Lundbeck in the US. When we bought Ovation they had a couple of neurology drugs in development, but most of the products were specialty generics. Obviously the vision we had was to make it into a Lundbeck company with a Lundbeck portfolio – essentially focusing on CNS.

Now we have a rapidly growing business with three neurology products on the market and have launched a psychiatry product together. We hope to launch other products later on. It is a very exciting development.

I would like Lundbeck to have a geographic sales mix similar to other companies where the US is our biggest market and biggest business. In that sense we still have a lot of opportunities, because we do not have that mix yet.

And outside of the US where will be the major steps forward?

We have a good business in Latin America, which is not so old, but we have built a very good image here with doctors and patients. Now when we have the new generation of Lundbeck products coming we look forward to bringing them to patients in Latin America.

We embarked on a rapid expansion in China. China is an important growth market for us having started at a low level there. We are very proud of the heritage, strength and market position in Europe, but we want the growth to come from outside Europe and become more of a global company in our sales distribution.

How far is Lundbeck today from being that global company that you wish Lundbeck to be looking at the deals that the company is able to conduct?

The deal with Ovation was an absolutely crucial step in our development. We can now do business development deals on a bigger scale with global models and be much more competitive when there is competition for assets. In the Otsuka agreement we are paying up to $1.8 billion for the rights to two products in exchange for the rights to up to three products from us – which they already exercised on one drug.

That may have been the largest deal in the CNS space. We could never have done a deal like that if we were not in the US market. We would never have been able to be competitive without being able to include the US market in our innovations to justify development costs.

Prior to buying Ovation we could license products in Europe, but now we can do global deals. It doesn't mean that we will only do global deals. After Ovation we did a deal with Cephalon where we got their products for Canada and Latin America. We did a couple of other deals that were not global or big. But had we not established in the US we would not have been able to go to for the big deals.

You were appointed CEO of Lundbeck on the eve of difficult times with major products coming off-patent. We were talking about the long-term perspective earlier. If we come back in 10 years, where would you like Lundbeck to be?

With Cipramil and Cipralex we have made a very big difference for many millions of patients with depression. I would like to help many more millions suffering from CNS diseases – depression, schizophrenia, Alzheimer's, or Parkinson's – and show that we are bringing new innovations. There is a significant need to do that. I would like for us to be able to do that on a global scale, not just in Europe or Denmark. Whether patients are Japanese, Chinese, Brazilian, or American, I want them to say that Lundbeck is a great company and that we have drugs that can help in these diseases. If we can achieve that, then I would be very happy.

See more interviews