

Interview with Kieran Leahy, General Manager, Takeda - Ireland



07.12.2012

Tags: [Takeda - Ireland](#)

Mr. Leahy, you worked for Servier for nearly a decade before joining Takeda. What have been the chief differences you have noticed between the smaller, independent, French player, and the larger, publicly-listed, Japanese player, with its unique brand of Takeda-ism?

I did not move lightly from Servier. I certainly enjoyed working for a company that, as you rightly mentioned, was a small, independent, French organization—which nonetheless was very large in Europe, and quite large in Ireland. However, an opportunity arose wherein Takeda UK was looking to expand its footprint into the Irish market, and I was approached to head the operation.

Opportunities like that do not knock every day.

We set up our first office in Sandyford. It was quite small—we started with three or four people. We slowly grew to about 13 people prior to the Nycomed acquisition.

It was that opportunity—to set up an operation virtually from scratch—that was very exciting for me. Culture was quite important as well: Servier had a very powerful culture as a small organization, but Takeda, despite its huge global size, still felt fairly small in Europe, and particularly in Ireland. It was not a major quantum leap for me. The fit was actually perfect.

Takeda is incredibly proud of its heritage, and its culture as an ethical company. I believe that genuinely, everyone in Takeda tries to live by Takeda-ism in their daily approach to business. This means working with integrity, and constantly thinking about the provision of medicines to people,

rather than P&L—although of course profit generation is important as well. Many companies express values and mission statements that are abstract and not easily attainable. Takeda, on the other hand, really tries to live by its mantra.

When you opened Takeda’s Irish sales office, was the acquisition of Nycomed already on the radar?

It was not. However, geographic expansion was. I think that Takeda, as a global organization, realized that the future of its success was marketing its products through its own subsidiaries, rather than out-licensing.

When I joined the company, there was little noise about new acquisitions or mergers. In fact, we had just executed the acquisition of Millennium in the U.S., a key move for the North American market. Broadly speaking, Takeda was looking to change its business model from a big blockbuster strategy to a more specialized, hospital-oriented product approach—particularly in the field of oncology.

This was our thinking at the time that I joined the organization. Later on, the acquisition of Nycomed accelerated our entry into the European market, in particular.

How did the integration of Nycomed affect the Irish operation?

When we set up Takeda in Ireland, we set it up with growth in mind, so the business model was quite flexible.

Nycomed had been in Ireland for a number of years, and was a larger organization than ours. However, it was going through a major restructuring period, as its largest product had very recently gone off patent and had suffered a major price reduction.

The integration was very quick, and quite smooth. We took a very practical, measured approach to the process. We worked on the cultural aspects and endeavored to instill the values of Takeda-ism into the ex-Nycomed employees.

When the merger was announced, we had a town-hall style meeting of the two Irish subsidiaries in October of 2011. I presented a vision for Takeda, and that vision was very clear: we were going into terrific new markets, in fields where we hadn’t yet had much experience. The journey together would be very exciting.

We were at a tipping point in our portfolio—we had a lot of products that were about to go off patent, or had just gone off patent. This reality, together with the state of the Irish market, meant that there would be no soft landing. Things would happen quite quickly, and we needed to change. We were entering into specialist markets such as CNS—markets where we would need new skillsets, and new capabilities.

Nycomed already had strong franchises in the respiratory and pain niches. Takeda, meanwhile,

had a great presence in prostate cancer, cardiovascular medicine, and diabetes. There was little overlap; our portfolios were quite complimentary. Takeda had to learn about Nycomed, and Nycomed had to learn about Takeda. Collectively, we had to learn about new areas like CNS and oncology.

We had a very, very healthy pipeline; our biggest challenge was getting the products to market. When you are given the opportunity to launch innovative products, you have to grasp it with both hands and make a success of them. This was our vision. We had to move on from where we were, and the longer we held onto the past, the more difficult it would be.

We also had to present Takeda to people who may not have been very aware of the organization. We had a very, very low footprint in Ireland—we had only just entered the market. Nycomed individuals were a bit nervous. They had heard little about Takeda, and they did not really know what this company stood for. From my perspective, it was all about presenting who we are: what this company stands for, what its global image is, where its culture stands, and where the business was going.

Perhaps the most visible geographic expansion for this company after acquiring Nycomed was an expansion into emerging markets. But you have mentioned the push into Europe. Is Europe truly a priority today for Takeda?

Very much so. This territory has really benefitted from the acquisition of Nycomed. Not only have we greatly increased the number of countries where Takeda is present, but the timing also could not have been better—all of the products coming on board will be marketed in these countries by Takeda.

The pipeline, the timing, and the expansion of the geographic footprint in Europe all amount to a real opportunity for the region. This fact has sometimes been overlooked by analysts, who, as you mentioned, often discuss our expansion in markets like the BRIC.

Takeda is now a top 15 player globally. How is the organization positioned in Ireland?

We have quite a bit of catching up to do. Rankings are always in the back of your mind, but I try not to let them occupy me too much. They can cloud your judgment.

We are approaching the situation step-by-step. Our primary concern is to get new products to market. If we are successful in doing so, I am confident that we can rapidly ascend the ladder. Although it does not keep me up at night, we certainly have aspirations in Ireland of being a top 20 player.

What does your strategy mean in the context of the new agreement that IPHA has concluded with the state, which lowers current drug prices but leaves the door open for innovation?

What we have in Ireland is some immediate pain, but potential long-term gain. Takeda, like most companies within IPHA, is experiencing significant impact on our P&L in the next 12-24 months as a consequence of the agreement.

However, we must be realistic in noting that perhaps our drug prices were out of kilter with the rest of Europe. Realignment in this sense is something that needed to happen. Perhaps it has happened too abruptly—perhaps step-by-step would have been better. But that is life! Certainly, we are focused on the fact that the agreement has opened the opportunity for new products to access the market. This is a great development—not only for Takeda, because we have a strong pipeline, but also for patients. There have been difficulties in the last 24 months in terms of market access for innovative drugs that had been deemed cost-effective. Quite simply, the government did not have enough money to pay for them. Creating the financial headroom for innovative products to receive reimbursement is good for the economy, good for patients, and good for companies.

Some of our interviewees have noted that, because the new agreement takes Ireland from a high-price country to an average-price country, their companies will no longer consider early launches in such a small market. Is this the case for Takeda?

No. I still believe that Ireland can be an early launch country, as long as we have a pricing strategy and a pricing corridor that allows for it. Certainly, Takeda's view will be that Ireland is one of the very first countries to market. Germany, the UK, and like markets will always be ahead of us, but the delay will be a maximum of six months—not a year or longer. I believe that the raising of the cost-per-quality QALY threshold to 45 thousand Euros will allow us to remain an early launch market, and prove cost-effectiveness.

For me, the most important element of the agreement was the ability to forecast: the ability to say we will launch on such-and-such date, and the ability to anticipate what will happen to price and volume when we go off patent. We are also able to look at the organization and plan accordingly in terms of structure. This is biggest point of the agreement: the certainty in where we are going. Ireland, in my opinion, will still be able to launch fairly early within Europe.

Do you really expect certainty? Do you not expect any surprises along the way?

There are always surprises! You have to hope for the best, but plan for the worst.

I believe that we can learn from Europe—I believe our neighbors have largely experienced the changes that Ireland is going through now, but they experienced these changes 10 or 15 years ago. Living in isolation in Ireland is not a good idea. We should draw on the experience of governments and corporate affiliates throughout the region.

With that said, I do believe that we are in a much more stable position, given this agreement, than we were before. I am thankful that it came to fruition, because it allows us to plan. But we must be wary that there may be a few curveballs along the way.

The old blockbuster model was a high volume, mass-market model. Some industry analysts have said that the future blockbuster model will focus on much smaller specialty markets—but the products will be very highly priced, allowing for similar revenues from smaller volumes. Is Takeda heading in this direction?

I cannot say with certainty that any of our products will or will not generate the blockbuster status that their predecessors had. The difference in our revenue structure will instead come from the fact that there are many products coming to market. Hence, rather than offer two or three medicines, we will have a portfolio of perhaps 20 medicines, with each driving 5-10% of our revenues.

This is a major shift!

It is. And it is a major challenge to the organization, because we have to structure the company appropriately. We may have the capabilities in-house, or we may not—perhaps we need to bring new competencies in.

Our portfolio will not consist of only high-tech, medicines: we will continue to have products in areas like cardiovascular and diabetes—which, in Ireland, are primarily used in primary care. To complement these products, we will also have high-tech medicines for the treatment of diseases like Hodgkin's Lymphoma. A highly innovative medicine like Brentuximab, for example, may be used by ten or so patients in Ireland.

How do we balance the very innovative, high-tech, medicines, with a somewhat more traditional portfolio? This is our challenge. We must build a model that will accommodate our strategy.

The scale you mention is quite interesting—because of Ireland's small population, reaching patients with a rare disease might mean reaching a patient population of only four or five people. Is it worth the sales effort?

Absolutely. Let me give you an example. We have a product called Mepact, which is indicated for osteosarcoma—essentially, it is a medicine for pediatric bone cancer. The majority of patients are in their teens.

Mepact is not even an orphan medicine—it is classified as an ultra-orphan medicine. In Ireland, thankfully, we are looking at five-ten patients per annum. However, Mepact can improve the absolute survival rate in those patients by a margin of almost ten percent. We can not approach the situation solely from the perspective of profitability. For me, this goes back to Takeda-ism, and the

company's integrity and ethical positions. The patient must always be at the centre of what we do.

How does Takeda get closer to local stakeholders?

The stakeholder map is changing quite dramatically in Ireland—a trend that again reflects shifts that Europe at large has already experienced. Payer power has gone up considerably; individuals involved in Health Technology Assessments and Pharmaco-economics are becoming very, very important. We are engaging with these players more and more as the company evolves.

This is not to say that healthcare professionals are no longer pivotal. They are, in our opinion, equally as important as they were before. The fact is that today, there are other players that are rising in significance.

Companies need to adapt to the new environment. We are lucky that the integration of Nycomed and Takeda occurred a year ago, because it occurred in the most turbulent period of time that this industry has ever experienced in Ireland. This allowed us to adapt during a period when we were adapting anyway. We took stock of the environmental issues and put measures and capabilities in place to deal with them.

But change is a constant. We must constantly move. We must constantly adapt.

Do you believe that people are really starting to recognize the Takeda name in Ireland?

They are. We are trying our best to improve our corporate image. I certainly think that we have come a long way since our early days in Ireland.

We now have 30 people working for our sales organization. However, if we take into account our manufacturing presence in the country, then that number swells to over 400. We tend to leverage this. We communicate the fact that, although we are relatively modest in size from a sales and marketing perspective, our footprint as a company is much larger. All in all, we are an important player on the Irish market.

For this reason, we work quite a bit with our manufacturing colleagues—for instance, on joint Corporate Social Responsibility projects.

What advice can you give to other newly appointed general managers?

I think that the most important element is to paint a vivid picture of where you see the company going, and to try as hard as you can to get people to understand that and buy into it.

If other managers experience what I have experienced, they are in for a very turbulent time. It's the vision that gets you up in the morning, and it's that vision that you can pin everyone's hopes on.

The vision cannot be unrealistic, and cannot be aspirational to the point of being ridiculous. The point is to develop a practical approach that you yourself believe in—then you can convince people to follow you.

I would also advise new managers to think things through. They cannot have knee-jerk reactions. Taking the time to consider potential consequences is extremely important. Even the smallest elements may wind up having greater consequences.

Where will you take this organization over the next five years?

We have plans in Ireland to launch about seven new products in that period. I would like to see each of those products overcome regulatory hurdles to reach the market.

I would also like to see the organization take another step in its metamorphosis, and for the image of Takeda in Ireland to be even stronger.

What is your final message for our readers?

This is exciting time for our industry in Ireland. Times of challenge are always exciting—even though the challenges can be daunting.

There is never a dull moment in this organization; that is why I joined Takeda.

I am looking forward to the next five years—and I am particularly looking forward to the next year.

[See more interviews](#)