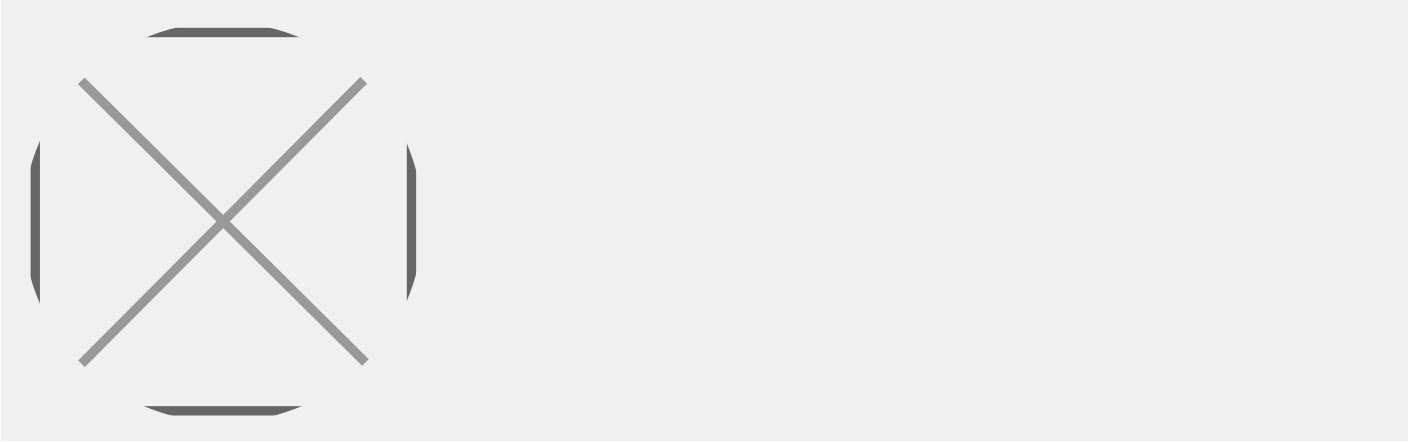
Interview with Joan Alvarez, Country Manager, Lundbeck Philippines



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Tags: Lundbeck Philippines

You have been involved with Lundbeck since the beginning of its operations in the Philippines. How has the company evolved since you joined seven years ago to be where it stands now?

I was contacted by the Lundbeck Regional Vice President in late 2002 and asked to come for an interview with him. The idea was for me to build a business unit in the Philippines and also, to transfer distributorship. It sounded like an interesting opportunity, so I signed the contract and joined them in March 2003.

At the time, Lundbeck's products were promoted by Centramed (Zuellig Pharma Corporation). There was no office yet, so we had to stay in a business center. Immediate tasks were to recruit and train a fieldforce and to make the brands available in the market. We were fully operational in two months' time. We started with 8 medical reps, 1 field sales manager, 1 product manager, 1 regulatory affairs officer, 1 administrative assistant and me.

Lundbeck is primarily focused on CNS; hence, we set to call only on the psychiatrists and neurologists. For an 88 million population, there are only 350 actively practicing psychiatrists and about 300 neurologists. This could be an indication of the stigma on visiting psychiatrists in the Philippines.

We are a tiny organization, at least compared to competitor giants like Pfizer, Eli Lilly, Wyeth, GSK, and Janssen but we strongly believe we have the best brands at select therapeutic classes. At the

same time, we thought “this is a good point to start from; there’s no way to go but up.”

We were given about a year to prepare for the launch of a new product that would later become the biggest antidepressant in the market. We launched Lexapro® in July 2004 and within six months’ time, it became the most prescribed in the Philippines (even if another brand was market leader, volume-wise.) Now, that was a starting point.

Since then, the business was building up. We launched Abixa® for Alzheimer Disease in 2005, and then, Serdolect® for psychosis in 2007.

Our focus at Lundbeck is mainly on generating prescriptions which then trigger drugstore purchases; we do not do invoicing and we do not do any collection in the field. These things are taken care of by our distributor.

It is important to note that all of us are employed by our distributor mainly because Lundbeck is just a representative office in the Philippines. So, in February 2007, when our distributor went into insolvency, all our contracts were terminated and we were unemployed. We were again faced with the challenge of finding a new distributor/employer. We went to Metro Drug Inc. (MDI), which is also part of the Zuellig Pharma Group. MDI took us in and we have been with them since April 2007.

During the transition, however, we had lost a number of employees because we could not promise them any security at the time. Another issue was that we did not have stocks to sell because, when the distributor went into insolvency, the banks were trying to collect collateral wherever they could. So, when we moved to MDI, we essentially had to start all over, pretty much the same as we did four years earlier. We also had to hire and train new people and had to import all the products and place them in the drugstores again.

Then came the Universally Accessible Cheaper and Quality Medicines Bill which was passed in early 2008. To a registered pharmacist like me, it is similar to the Generics Act of 1988 in that it gives the patient an option to choose from generic equivalents. In the Cheaper Medicines Bill, however, there is a mandate on price reduction of as high as 50% as supplemented by the Maximum Retail Drug Price (MDRP) Law, and parallel importation has been allowed. With these, it appears it had become very easy for generics to come into the country, sometimes even those with questionable efficacy and safety, as a lot of doctors would say based on their clinical experiences on both originator brands and generics. This seemingly easy access is despite the fact that registration costs at the FDA (BFAD then) markedly increased.

The first products to be hit were antibiotics, cardiovascular, and oncology brands from multinational companies. Impact was obviously a high rate of unemployment simply because the companies cannot anymore support the costs associated with keeping the same number of people they have

prior to enforcement of the Bill. Being a multinational, research-based company, of course, we were worried about what would happen to us, especially with the 50% price reduction. But for now, we are on status quo.

7 years have passed and a lot of things have changed since then. However, there are still those which must remain, at least I believe so. We take pride in the fact that, even if we are small, all of Lundbeck's activities are of scientific nature. We do not do junket meetings abroad. We are also very present in relevant societies, namely the Philippine Psychiatrists Association, the Philippine Neurological Association and the two societies for Alzheimer's Disease, the Alzheimer's Disease Association of the Philippines and the Dementia Society of the Philippines.

In Asia, there is still a social stigma surrounding CNS disorders. When we interviewed your former colleague Michael Ryde at Lundbeck China, he confirmed that the CNS market in China is very small and underdeveloped. Is this true also for the Philippines? How is the perception of CNS disorders in this country?

Yes, it is true for the Philippines as well. For instance, when a relative spots that something is wrong with one of their family members, the tendency is to go to the Church and seek help from the priest, (since this is a very religious community with 90% of the population being Catholic). As a second route, they would go to the family's physician or a general practitioner. They may also go to natural healers. They rarely go to a psychiatrist or a neurologist. The closest they get to them is when they access the internet. In other words, for CNS disorders, the social stigma is obviously present as they would not want to be seen in a psychiatrist clinic, much less go to a psychiatric center.

How is Lundbeck contributing to raising the awareness on CNS disorders in the Philippines?

This is a rather delicate matter to discuss, however we believe that the initiative comes from the Philippine Psychiatrist Association (PPA). They can always gather the pharmaceutical companies to rally behind it.

From our end, we make available a website (DepNet.PH) where patients can write letters, tell us their stories and even ask questions. With the latter, we refer them to psychiatrists, neuropsychiatrists and pharmacist who are in the panel. This is as far as we can go because we cannot have direct access to patients. We do memory screenings though for the elderly who may have Alzheimer's disease where we have local neurologists or geriatricians as facilitators. It is different with depression and anxiety disorders where gathering patients may not be possible, due again to the stigma that accompanies its management.

We also have leaflets that we leave in the doctors' clinics about depression, anxiety, Alzheimer's disease and its symptoms.

In other countries, Lundbeck has been helping to increase awareness through the Lundbeck Institute. Is it something that you have been doing also here in the Philippines?

Yes, but since the Lundbeck Institute is based in Denmark, it would be very costly for us to send doctors there. We have a local Advisory Board in which there are six key opinion leaders sitting for Lexapro® and five neurologists for Ebixa® and we are able to send them to Denmark. We consequently ask them to do a local cascade, something we call L.I.F.E., Lundbeck Initiative For Education, which is Philippine-specific. So far, we have done ten L.I.F.E. workshops since 2005 and we have reached about 90% of the psychiatrists' population. Cost-wise, this is the best we can do. Sometimes, experts from the Lundbeck Institute would come to Asia and host a workshop either in Singapore or in Malaysia, and there we send about five doctors per seminar.

Focusing on Asia is a trend followed by all the biggest pharmaceutical companies, and the Asian region is becoming increasingly important also for Lundbeck. What is the importance of Lundbeck Philippines for the Group globally and for Asia specifically?

Lundbeck Philippines is part of the AAA region (Asia, Africa & Australia). By Asia we mean mainly Southeast Asian countries, excluding China and South Korea.

If you look at it from a business perspective, volume-wise, our region may not be contributing that much, however, in terms of profitability, then definitely, Asia is helping. Also, in terms of brands' market shares, emerging markets such as Singapore, Hong Kong, Malaysia and Philippines gain the highest as compared to the more established markets. This alone, I believe, merits the HQ's support for our region.

In terms of presence, we are simply doing what we were asked to do: that is to make Lundbeck the preferred CNS partner in the industry.

In this direction, Lundbeck has recently signed an agreement with Teva for Azilect®, and Lundbeck is going to be in charge of conducting clinical trials. Is it something that is going to happen also here in the Philippines and do you see the potential for clinical trials in the Philippines?

We are eagerly waiting for Azilect®, and also for a drug that is being developed for stroke that would come in 2013 or in 2014.

Lundbeck has seen that Asia could have a big potential in terms of the research department. An International Clinical Research (ICR) was built in Singapore, and it has become a big department in Lundbeck, totally separated and independent from the sales and marketing teams. They had been

very active between 2003 and 2007, however, following some re-structuring in late 2009, there have been outsourcing activities from third party research companies like Quintiles, or Covance. Still and all, the Philippines continues to be very active in research.

Last year, the CNS market grew 8% globally, and Asia had a strong growth as well. What is the potential in the Philippines for future growth of the CNS market?

With the enforcement of the Maximum Drug Retail Price, I do not think the value of the local market will grow as fast as 8%. Considering the 50% price reduction alone, even if the market will grow in volume, it would definitely not be able to – in value. Moreover, it is more difficult here in the Philippines to achieve that growth because we do not have any form of reimbursement policy; everything is out of pocket.

A more serious concern is that, even when patients are prescribed a medication for a certain period of time, they will usually take the drug at their own pace because of a number of reasons, one of which is cost. What we do at Lundbeck is a patient compliance program wherein we help the doctors encourage patients to comply with their medication via free starter packs of the products they are prescribed with. We also have educational materials for them, but this is as far as we can go to help them sustain the treatment.

How is Lundbeck going to position itself in this increasingly competitive pharmaceutical market?

The vision of the company is to become the world leader in psychiatry and neurology, while our mission is to improve the quality of life for people suffering from psychiatric and neurologic disorders. Achieving and staying faithful to this, we have a number of drugs in our R&D pipeline that will be launched in the next 3 years. While everybody else is into diversification, we remain focused on CNS, which is believed to have the biggest debilitating disorders by year 2020.

On a personal note, you started the company in the Philippines, you built it up to what it is today, what has been the most rewarding part of this experience?

I was coming from a huge, financially strong company, while Lundbeck is relatively small. But like I said, I believe Lundbeck has the best brands and big ambitions. That strong combination alone can definitely go places.

In developing a company, hiring, training and developing people has always been a unique experience. If they moved to bigger companies in the future, it will be sad, of course, but we can only be happy for them if they become successful elsewhere.

Overall, what has been the most rewarding for me is to be able to introduce the best brands to the medical and lay communities, and become the market leader with very limited resources and

despite setbacks.

Where would you like to take the company in the next 3-5 years?

I want to take the company to Denmark! We have this Representative of the Year Award, as initiated in the headquarters. We already won it twice. In between, other countries gained it, too, which we are also happy about. The winning representatives of the year are sent to Denmark along with their spouses. Just recently, all the workforce of Malaysia, Singapore and Thailand went to Denmark, because they got to the 30% market share mark. We were at 26%. This is one of the reasons why I am saying I want to bring everybody to Denmark. It is a good feeling to know that you are part of something big.

What would be your final message on behalf of Lundbeck Philippines to the international readers of Pharmaceutical Executive and the Philippines community?

I would like to tell them that Lundbeck has been very strong in the research front and we will continue to do so because we believe that this is the best foundation that any pharmaceutical company can ever have. If you are present in a market but you do not have any new products to offer, sooner or later, you may lose what you have built over the years. At Lundbeck, our existing businesses continue to grow, we have a very strong pipeline, and we have a focused and dedicated team. All these make us a very strong market player in our own right.

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