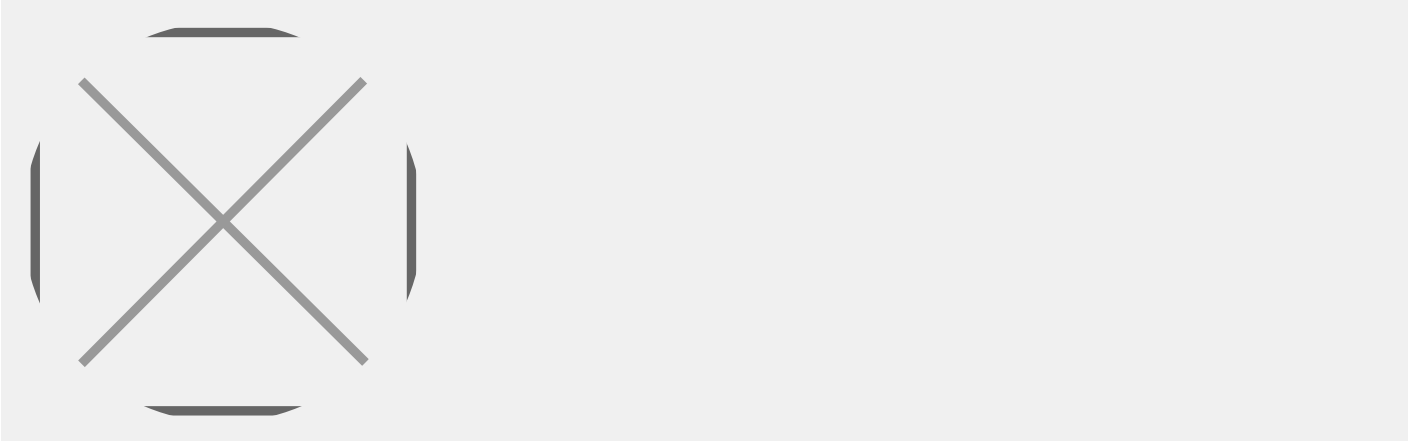
Interview with Emin Fadıllıoğlu, VP & General Manager, GSK Turkey



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Mr Fad?ll?o?lu, after a previous position at Abbott, you were recently appointed head of GSK Turkey. How different is GSK as an organization? What new therapeutic areas, processes, or corporate culture did you have the chance to discover and to adapt to?

The team members would be able to judge better than me whether I successfully adjusted and completed my transition, but I feel like I have been here for a long time, and this is always a good sign.

Both companies have their own strengths. What truly impresses me at GSK is the importance given to emerging markets. GSK has become an important player in emerging markets over the last few years thanks to a deep understanding of the stakeholders' needs in emerging markets.

Turkey's former General Manager Yi?it Gürçay is running Middle East and Africa (MEA) as senior vice-president in the organization, and the regional headquarters have moved from Dubai to Istanbul. This reflects GSK's full commitment to emerging markets and, especially, to Turkey.

Over the past three years, the industry has faced harsh market conditions in Turkey. Nevertheless, the business environment may also have been perceived by companies as an excellent opportunity to review their model and strategy; it was an opportunity for change. To what extent is today's GSK model adapted to its environment? What was the 'state' of the affiliate when you took over?

We need to look at this aspect of the market from two different perspectives. On one hand, when the industry signed the global budget agreement in 2009, total drug consumption was over 1.6% of the country's Gross Domestic Product (GDP). The target was to bring it down to 1.35%. Instead, in 2012, it will be around 1.1%, which is not representative of a sustainable pharma model.

As a typical pharma approach, in Turkey or anywhere else, cutting drug prices is the first step in cost containment measures. In Turkey, it is fair to say we reached the limit. Having the right budget for pharma is therefore the number one priority of the whole industry.

From GSK's perspective, we are always committed to our patients, to our stakeholders. Under any difficult condition, we make sure that patients using GSK products, the doctors prescribing GSK products, or the services we are providing to the society, won't be impacted by these external developments. We are sensitive on that and will continue to be responsible.

The industry finds itself at a turning point of its development in Turkey. After three years of challenges with regard to institutional discounts imposed on drug prices, a new agreement will be signed with the authorities. How much is expected from GSK in the coming years? What mission were you assigned when taking over GSK's Turkish operations?

As the vice-chairman of the Association or Research-Based pharmaceutical companies (AIFD), my duty is to coordinate preparations for the next three years global budget. I work with the Strategic Management Committees (SMCs) to come up with a solid proposal based on the value for every stakeholder, which we will submit to the government.

At GSK, before talking about sales and growth, we first make sure that we work in alignment with the company's core values, i.e. Respect for People, Focus on the Patient, Transparency, and Integrity. We are going to announce a strategic development process for the next five years, whereby all strategies will be based on our stakeholders. We select the stakeholders and we identify the best ways to create value for each and every stakeholder.

In terms of performance, with the innovative drugs we are going to launch, along with the branded generics we may launch in the future, we will continue to be competitive in the market, and will serve a wider range of patients, while keeping high standards in our products and services.

Our reason of being here are those external and internal stakeholders. In the future, who will be the winners? Those who manage to help patients with their diseases, within the regulatory framework.

We talk too much about pricing; we should talk more about value. As an industry, we should start looking at the bigger picture, rather than focusing on units and prices. Before talking about the cost of treatment, first we need to talk about the cost of disease. We need to help shift the mindsets of the industry and the decision makers from a per pack calculation approach to pure disease management.

What were the first initiatives you took as General Manager of the Turkish operations?

First, I put in place ’Project YOL’, which stands in English for Innovation Focused Leadership. Under this project, we will be studying each and every stakeholder trend in the next 5 years, assessing who the new stakeholders are, what our internal capabilities are, and how we can develop these capabilities to serve them in the best possible way.

In addition, in line with the YOL initiative, we are launching a cultural workshop, which includes development plans and brainstorming sessions tackling different questions: what are the magic words that bring people together? What are the platforms we need to create to make sure we work in an environment with full harmony?

I have the intention to make GSK the best workplace in the whole pharma industry by 2015.

What therapeutic areas, what drugs, will drive the growth for Q3 and Q4 2012?

To give you an example, in respiratory, we are the leader and we will maintain our leadership position because many things can be improved upon in terms of patient support, value proposition initiatives, or health economics.

As GSK Turkey, our ambition is to become the leader of healthcare solutions and health outcomes.

We will also be launching new products both in the therapeutic areas where we are already providing products / services and in new therapy areas. Of course, as a general manager, I have a financial responsibility, but it’s the value we provide to our stakeholders which really makes me tick.

What are some of GSK’s strategic priorities in Turkey you would like to highlight?

One of GSK Turkey’s top 4 priorities in the next 4 years is to have a local manufacturing partner. Secondly, even though we plan to bring 17 new molecules to Turkey in the next 4 years in many different therapeutic areas, we do not only rely on the innovative products, we are also highly interested in the branded generic business. The third priority is the development of a stakeholder-based structure. Lastly, I will pay special attention to increasing efficiency in all areas of business.

The importance GSK gives to Turkey is in line with what AIFD aims to do: foster investment in the country and develop Turkey as a hub for companies’ regional operations. In your view, what are the main reasons to believe in Turkey’s pharma industry?

Turkey has the fastest ageing population among all OECD – Organisation for Economic Co-operation and Development – countries. The average life expectancy of 75 years is increasing every single year. People over 65 years of age represented 3.5% of the country’s total population from 2005 to 2010; it will be 4.2% from 2015 to 2020; it could even reach 10% in 2025. Infant mortality is dropping drastically and converges to the OECD average. The number of yearly visits

to doctors per patient reached 7.7 from 1.4 over the last decade. Most chronic diseases are significantly under-diagnosed and under treated. Looking at the recently published Boston Consulting Group (BCG) analysis, drug consumption in Turkey has an extremely low volume per capita.

Looking at it from every angle, Turkey is an attractive market because of the demand compound.

Now, why is Turkey an attractive industry? Pharma should be a strategic partner in shaping Turkey's future economic development. First, there is no reason why Turkey should not be an R&D hub. International R&D spending amounted to USD 144 billion in 2011; in Turkey, USD 61 million. Today, Turkey is the world's 15th largest economy , aiming to be in the top ten by 2023; therefore, R&D spending in the country is completely disproportionate.

Turkey should also be a hub for distribution. There are many local manufacturing facilities in Turkey, and the country's total export in pharma today is only USD 600m, which makes it the 36th exporting country of pharmaceutical products in the world, which is also disproportionate considering the power of the economy. Thirdly, Turkey has all the ingredients to become a centre of management for companies' regional operations, like GSK has already done.

Turkey has an excellent talent profile. The country has technology, people, a large demand, and a significant geographic advantage, located in the middle of Europe and the Middle East. What else do you need?

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