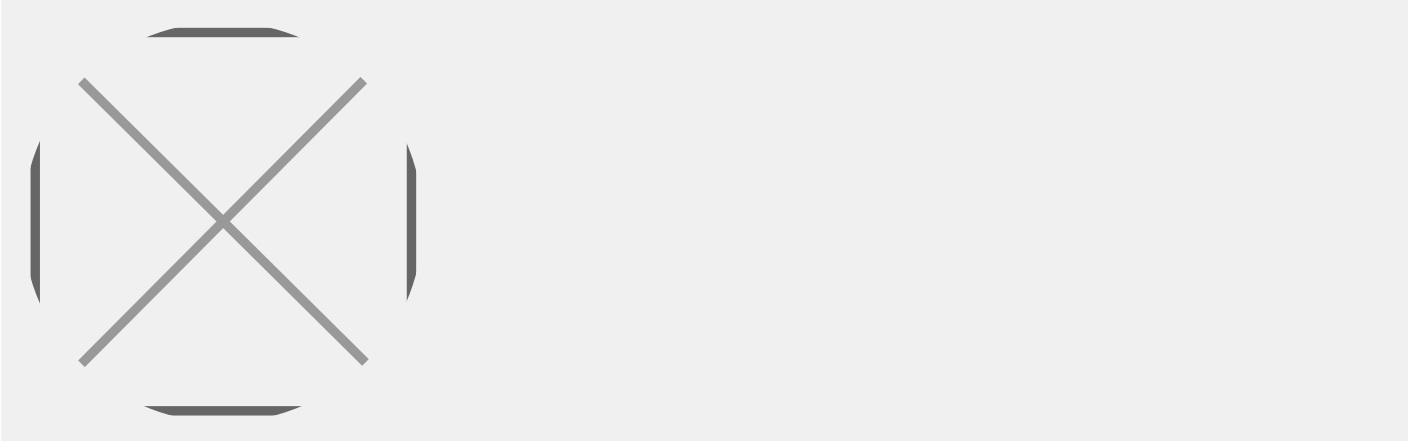
Interview with Sandeep Gupta, Chairman and Managing Director, Eli Lilly and Company (India) Pvt. Ltd.



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Having been director here in India between 1998-2002, and then again since 2006, you have clearly been in the front seat to observe the evolution of the Indian market. How have you experienced the increasing presence of MNCs in India?

Absolutely … A transformation has clearly taken place over the last decade or so. Talking of this shift, one of the major milestones with respect to the Pharmaceutical industry has definitely been the introduction of product patents in 2005. With that one move, India signaled to the world that it was serious about innovation. This was clearly a turning point, as many MNCs started to look at India differently.

Simultaneously, India picked up momentum in the CRAMS area because of the obvious advantages it offered… In the last few years the global pipeline of big Pharma has been constantly drying up. And as the approval of new products became more stringent leading to cost escalations, MNCs have been forced to look for newer areas or models in order to maintain and bolster their revenue stream. In this backdrop, India's offering of a low cost-high quality alternative has consistently attracted the MNCs to India to leverage this opportunity.

Today, there is a clear recognition among MNC's that India offers a lot more than just a manufacturing or a clinical research set up. There is wide acknowledgement that India offers a huge pool of skilled scientists who can do world class research as good as anywhere else in the world.

Another major change in the Indian landscape in the last few years has been the changing disease pattern.. Not too long ago, the focus used to be primarily on battling acute illnesses. And whilst this still remains a major burden, what we are now seeing is that chronic or lifestyle diseases such as diabetes and cardiovascular-disease (so far considered to be the domain of the Western World) have become more rampant here.

This shift has led to ever increasing number of tie-ups between large Indian and big Pharma companies across the value-chain from the early stage research to demand realization or commercialization.

Based on these rising opportunities in India, what is Eli Lilly currently contributing and bringing to the Group worldwide?

Little over a year ago, Lilly globally, segmented its business into a number of strategic business units to bring a sharper focus on its business operations. Today, a dedicated business unit focuses primarily on the 'emerging markets' and Lilly India is an important part of this new structure.

India's importance to Lilly can be gauged from the fact that we have strong presence in almost all areas across the value chain-right from early-stage discovery research to conducting – clinical trials across the different phases, to contract manufacturing, partnerships in sales and marketing and IT support .

To come back to the change in disease profiles, we have clearly seen diabetes become a severe chronic disease problem for India. It is an area that has traditionally been a strong focus for Eli Lilly, but what has been your local strategy to tap into this growing market?

Diabetes clearly is one of the major thrust areas for Lilly, world-over. In India, our foray into diabetes began when we introduced our range of Human Insulin in 1995. The Insulin analogues (commonly referred to as the 'designer Insulin's), got introduced little later. These two together form the bulk of our Diabetes business in India. In 2007, Lilly introduced Byetta (Exenatide) a first in class drug from a category called the incretin mimetics.

Today, more than 60 percent of our sales in India come from the diabetes portfolio, making it a significant part of our operations. Moving forward too, diabetes will continue to be a major focus area for us. We are committed to maximize our current portfolio and add new products and devices coming either from our own pipeline or through partnerships and alliances.

Is that also why you have not yet gone on an acquisition spree in India, a path some other MNCs have opted for?

Our strategy in India, so far has been one of "global mirroring", implying that we have been launching products that have come out of Lilly's pipeline internally or from its many alliances. We

are now open to adding on new products selectively from outside if there is synergy with our current portfolio.

You have however publicly announced to be moving from a fully integrated pharmaceutical company (FIPCO) to a fully integrated pharmaceutical network (FIPNET) model… How do you see this playing out in Lilly's future in India?

This will be crucial, and is also what I alluded to while talking about our presence across the value chain in India.

Till a few years ago, Lilly used to actively pursue the FIPCO strategy (Fully integrated pharmaceutical company). That was the time when everything used to be done in-house. Today, the important question that we ask ourselves is whether we really need to do everything from start-to-end, within the Lilly system. For this reason, we have gradually moved to a more efficient strategy called FIPNET (Fully integrated pharmaceutical network)–a system of interconnected partnerships with external organizations giving Lilly the ability to execute projects by the right people at the right cost in the right time. This way, we are able to access the assets, resources, and expertise that help to manage costs and increase the flow and value of products with the overall objective of improving patient outcomes.

You already have a number of partnerships in India, including some with key players such as Jubilant Life Sciences and Zydus Cadila. How have these been going so far?

These partnerships are primarily in early discovery research and handled directly by our Global Operations. There is an ongoing review mechanism that measures the value that these partnerships bring to the table and our understanding is that these partnerships have worked well for us so far.

Being more of a marketing organization in India, what have been the real challenges to deploying a successful marketing strategy that is tailored to the Indian market?

Well for one, we have sometimes been constrained by our restricted product portfolio in India. So far, we have consciously entered only into niche segments offering specialized therapies for the benefit of Indian patients. Secondly, as we were talking a little while ago, more than 60 percent of Lilly's revenue in India comes from the diabetes (insulins/analogs) segment, a category whose prices are regulated by the government and that means we do not exercise much control on this important element of the marketing mix!

Thirdly, we do not have any patented products in India as yet. Having said that, I do believe that despite these challenges, we bring a compelling value proposition which helps us to sustain and grow our market share. For most of our products, we are either the number 1 or 2 brand and continue to do well despite significant competitive pressure.

Are these the only challenges …

Well there are a few more that I would like to emphasize. Given the geographically large and expanding market in India, one needs to have a large sales force to fully access the market. And you have to keep on adding to it for keeping pace with the ever expanding market! This can be a constraint at times. Last but not the least is the menace of unethical promotional practices that are quite prevalent in the market place. This situation often creates a non-level playing field. Our predominant focus is on scientific selling and these kinds of practices can sometimes prove to be detrimental to our promotional efforts. Lilly on its part has a very strong internal code of conduct, which in some aspects is even more stringent than the law of the land. Our constant endeavor is to implement this Code, both in letter and spirit every day despite the many challenges in the field.

While India is shifting towards innovation, Eli Lilly has also been focusing on bringing innovative products to the market, for example in terms of effective delivery mechanisms, such as the Forteo and KwikPen. How important is it for you to raise India's innovative character through the products you bring?

This is an absolutely crucial part of the journey we have embarked on. The future of Pharma Industry lies in introducing better, more innovative products and devices, particularly so in the chronic disease areas like diabetes.

To cite an example, Lilly launched Humalog KwikPen (Lispro disposable device) with a strong conviction to provide a significant benefit to people with diabetes. This unique device offers a 2-step injection process compared to the 4-step process available hitherto in the market. The device requires much less injection force to administer insulin and this, for a patient with diabetes can be a big benefit. Most of our efforts are geared towards making a positive difference to the quality of life of a patient.

An area Eli Lilly is also committed to in India, is to help eradicate TB. How successful have your efforts been in this area?

The "Lilly- MDR-TB partnership" was launched in India nearly 5 years ago. We are particularly proud of the philanthropic nature of this initiative because as a company, we have absolutely no commercial interest in this area.

The major underpinning of this initiative has been the transfer of technology by Lilly to an Indian partner for the API (Active Pharmaceutical Ingredient) manufacturing of a key drug used in treatment of Drug Resistant TB. Apart from that, the program largely hinges on partnerships with government and non-government organizations.

With these partners, we spend a great deal of effort on education and awareness of key stakeholders. For example, on one hand, we try and create a pool of trained physicians and

educators, we also try to reach out to patients directly. We use several innovative ways to reach the patients such as SMS services, radio jingles, street plays, photo-exhibits, a gaming CD based on Cricket and many more. We are very proud to have received a special award from the Delhi Government last year for our contribution to the State TB program! That said, we do recognize that our contribution is still very small and a lot more needs to be done to fight the scourge of TB and MDR-TB in India.

Besides that, you have also received awards of "Best Employer" and "Best Company to Work for in India"… Why do you think that is?

First of all, we are very diligent about who we add to the Lilly family. That means every hire that comes on board goes through a rigorous, multi stage selection process. Second, we spend a great deal of resources on the training and development of those people who make the cut and join the Lilly family.

One of our constant endeavors has been to provide an open culture in the organization, where anyone is free to air his or her own views, without any fear or reproach.

As a part of this journey, we undertake several initiatives throughout the year that also help us to keep a tab on the pulse of our employees. An example is the "Voice of the Employee" survey we implement on an ongoing basis. To maintain the integrity of this exercise, the whole piece is conducted by a third party in an absolutely anonymous manner. The feedback obtained from such exercises is taken seriously, and in most cases, this result in specific action steps.

A relatively new initiative has been the launch of "MD's corner" (run on the intranet), where anyone within the company can reach me directly in an anonymous manner. Through this forum, I receive all kinds of feedback and some of the ideas or suggestions are taken up for implementation.

We do often hear about the high attrition in the industry being quite a severe challenge…

This is definitely a challenge for us as well. Because of our relentless focus on training and development, it creates a difficult situation as our people become really sought after and are often targeted by other companies who are looking for a well-trained resource.

Moreover, as the Indian economy grows at a rapid pace, tens of thousands of jobs are being created across sectors everywhere. Today, it's a virtual war out there for bright young professionals and everyone is feeling the accompanying pressures.

Do you have a final message for our readers?

India, I believe, is "the" place to be at this point in time. Having said that, many, particularly so in more mature and evolved markets, still view India with a certain sense of skepticism because of the fairly obvious and much talked paradoxes that exist in this country.

India’s growth story, the fact that a huge potential exists across the value chain is now globally recognized. Contrast this with the fact that some very basic questions still remain around its IPR regime and you come to a cross-point. To my mind, enforcement of India’s IPR regime clearly needs to rise a few notches up. There are still several irritants that get compounded with the confusing signals that emanate now and then. For example, unlike many other countries, India still does not have regulatory data protection. Progress in this area would strengthen the conviction of the rest of the world around India’s innovation ecosystem.

That said, I continue to be optimistic about the future. The pace of progress in some areas may be slow but there are signs of development happening everywhere, from villages to towns to large metropolises. The government has a tough task in balancing the need for innovation with providing basic amenities including healthcare access to its teeming millions and this is not something that can be achieved overnight.

As for Lilly India, we have chalked out a very aggressive growth path for the coming times. We have doubled our sales in the last 5 years and our intent is to better that in the coming 5 years. We will achieve this by deploying a two-pronged strategy- which is introduction of new products and technologies to our existing portfolio and by pursuing inorganic growth opportunities

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