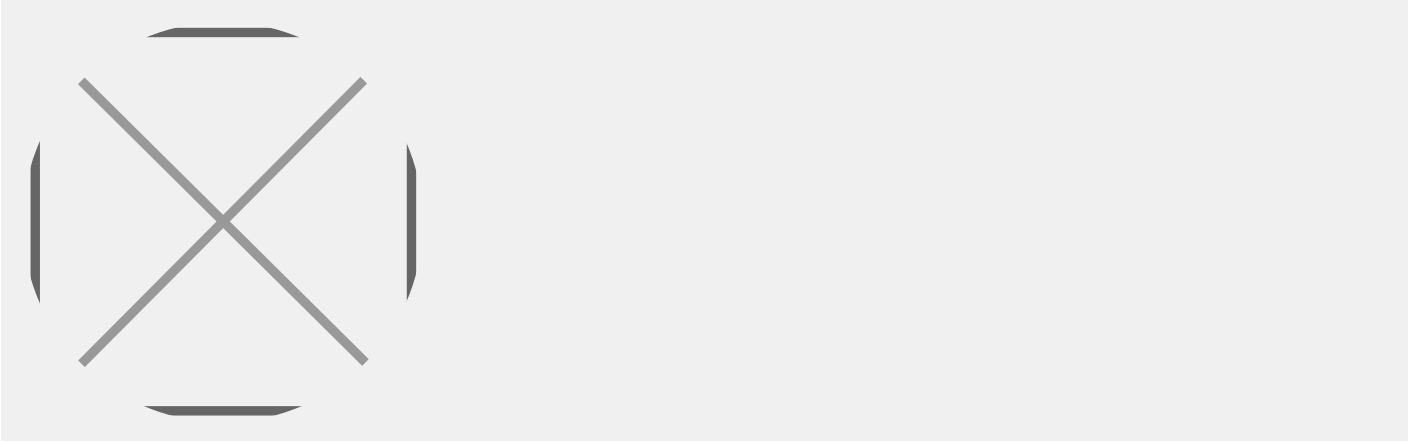
Interview with Rolf Ammelburg, General Manager, Roche Thailand



13.03.2012

Tags: Roche Thailand

Dr Ammelburg, you have been working for Roche for more than 25 years now, time essentially spent between your home country Germany and Thailand. After more than 10 years spent here, what would you consider to be the main specificities of the Thai Pharma industry?

The Thai market is not easy to compare with a typical Western market. It is a market with a mixed character, consisting partly of reimbursement and partly of an out of pocket market. The Thai reimbursement system covers most of the people in the country, but consists of several systems. The most famous is probably the Civil Servant Medical Benefit Scheme. As the name says, it applies to civil servants (12 percent of the population), and they are normally fully reimbursed on medical use. Another part of the population is covered by social security. This applies to people that work for companies that have social security schemes, which is roughly 10 percent of the population. By far the biggest part of the population however, some 80 percent, is in principal reimbursed for drugs on the National List of Essential Drugs (NLED). However, the list does not include all drugs; especially innovative drugs are often absent, as the perspective in this area of universal coverage is on cost-effective drugs. Expensive cancer treatments for instance are not on the list and will not be reimbursed.

The Thai system is thus a mix of reimbursement and out of pocket. A diversified hospital structure exists accordingly: Thailand knows government hospital structures, military hospital structures, and private hospital structures (directly paid out of pocket).

Thailand has the so-called self-dispensing market, which entails sales directly to the hospitals, after

which the hospital or the doctor resells the drug to the patient. Although behind most drugs distributed we find a prescription, the Thai market is not a pure prescription market like most Western markets, where the sale of the drug is fully differentiated from the prescription.
The market is thus quite different from Western markets, and for that matter from low emerging markets; as an emerging market, it is somewhere in between.

You were appointed General Manager at a time when Thailand was going through major political unrest. How was it to take the helm of the organization in such a context?

The coup did not affect daily economic life in the country too much. The structural changes in the government did, but these were secondary effects that were felt later. The historical discussion of compulsory licensing came to a decision, with drugs having to be put on the so-called compulsory licensing list. Roche had and has one drug on this list. In the end we never challenged this situation, because as a pharmaceutical company we could not challenge the government decision; if the government decides, then we have to live with it. If we would see the patent laws in a certain light, then we will work with it. It was obviously difficult from the point of view of a pharmaceutical company as it affected the situation around International Property (IP). Still, Roche as a company focused on innovative drugs, we were not too much affected.

What have been the most noticeable evolutions in the Thai market since you became General Manager in 2007?

The Thai pharmaceutical market is highly dependent on government policies and its budget decisions. Whenever there is an opportunity to allow access to medicine to the wider population, the market receives a major boost. On the other hand, the market becomes very strict when the government decides on budget restrictions.
The Thai market experienced double digit market growth for years on end in the first five years after the economic crisis of 1997-1998. The growth lasted until 2008, when political and payer restriction by organizations such as the National Health Security Office to control the spending of government on medication led to low growth in the last 2-3 years as the market could not grow because budgets were not increased.
For the future we expect single digit growth, but more balanced growth; not too low and not too high.

When we published our first edition on Thailand, Mr. Mitchell told us that Roche was among the fastest-growing MNC's in Thailand despite it ranked in the seventh position in terms of sales. Today how important is Roche in Thailand and how has its position been evolving?

We have been growing very fast, in every year since 2007 we grew faster than the market, and we are often the fastest growing MNC!

Today we rank fifth in the overall ranking and we are among the top three players in the prescription market. We are strong in many pharmaceutical fields while we concentrate on innovation. Roche in Thailand is the market leader in oncology, which is an ever more important issue in the South East Asian region. The Roche medicine for virology, bone disease and transplantation show strong, above average growth as well.

What strategies are you putting in place to play an even greater role in this market?

Today we have drugs with which we can successfully treat severe cancer types. We try to provide this to the Thai population through cooperation with government and private hospitals. It is our highest desire to let the population benefit.

What is Roche's strategy to adapt to new market conditions with the renewal of the 30 Baht Universal Health coverage scheme?

The so-called 30 Baht scheme was already implemented in 2001, and is also called universal coverage. It has to be seen from two different sides. It is a good idea in principal to finally let all patients participate in reimbursement. The problem was that the decision was not synchronised with the budget, meaning that from one side, we allow everybody to retrieve from the scheme, while on the other the hospitals do not have the budgets to allow this. It led to a volatile situation in which the lack of funds prevented patients from receiving the treatment they could legally claim. The 30 Baht scheme has not turned out to be as beneficial as it was designed to be. Today we curiously await the final ideas of a re-launch of the scheme. New measures should be involved however to make the scheme work properly and make it more than a dead letter.
Roche is working very closely with the relevant government structures to explain and explore where our drugs can be beneficial and even cost-saving for patients compared to cheaper generics. We are looking to create higher accessibility to our drugs, also via universal coverage, but in the end we depend on government to decide which drugs will be covered, decisions that in turn depend on a delicate balance between budget and treatment costs.

We see a worldwide trend in which MNCs are diversifying into branded generics. Roche opts not to follow this trend and instead sticks to its niche medicine. How do you communicate the value of innovation to the stakeholders, taking into account that the main concern of the government is, in the end of the day, the budget?

Of course the budget is of major importance, but when talking about serious diseases such as cancer, we are more concerned about the patient than about the budget. Our belief is, and this is part of our international motto, that innovation is our core and that the patient stands in the middle of all of our efforts. It is not the right way for us to make the 11th or 12th generic which does not lead to better treatment for the patient. Our core is to bring new treatments to the patients for those diseases that do not have sufficient treatment. Twenty years back a woman with breast cancer

stood a high chance to die. Today, and this only comes from innovation, we have effective treatment methods able to rescue people. Roche's task lies there and not in making the cheapest possible drug.
On the other side, we are looking at the cost structure from a totally different perspective, namely that of the Personalized Healthcare (PHC). People are very different and hence respond differently to a drug, and Roche today has the capability to produce drugs that are like a tailor-made suit. Roche is a combined pharmaceutical and diagnostics company, and we try to develop partner treatment. This means that we diagnose a patient to know what kind of drug is needed, after which we develop that drug. This leads to better treatment and reduced costs.

How would you rate awareness in Thailand in terms of innovative approaches? What are the approaches and initiatives that Roche is undertaking in this regard?

The awareness depends on the group of stakeholders. Doctors in Thailand are very well educated and interested in effective treatment and are open to innovation. Of course, the budget holders have to weigh cost versus effectiveness. New drugs are not cheap, and decision makers on the payer side want innovation, but ideally without having to pay for it. Strategically we therefore agree with the payer structure to treat those patients who will definitely benefit from a drug determined through personalized healthcare.
If a patient can be treated lifelong with a cheap drug, or that same patient can be treated up to a cure with a more expensive drug, it is easy to calculate which one would be more effective and probably even cheaper.

ASEAN integration will lead to a much bigger market for Thai producers. How do you think it will change the Roche strategies in the region?

Thailand is committed to integrating itself to ASEAN, and this is a good thing from a healthcare and pharmaceutical point of view. We see an opportunity for treatment standardization among the participating countries regarding reimbursement and success of treatment. The debate to determine what would be the right standard of care for the whole ASEAN community would most probably lead governments to improvements in the general level of standardization. This would benefit the innovative industry as it could show that innovation can be not just patient effective, but also cost effective. Roche is hence in favour of ASEAN integration.

How do you see it from the perspective of clinical trials and registration of drugs?

It could be helpful for the harmonization of drug regulatory. If ASEAN would follow the example of the EU by introducing standardized processes on drug approval and registration, life would be much easier. It would increase the standards of care as mutual decision would have to be taken on drug registration.

Roche is without any doubt, strongly committed to CSR in Thailand.

Can you please elaborate to our readers on the main initiatives taken by Roche Thailand under your helm when it comes to being involved with communities and education?

We have a lot of these activities, but we always keep in mind that they have to benefit the patient. We always look whether we can help in educational efforts, to support cancer centers with educational efforts, so that cancer patients in these centers can know more about these diseases. The biggest projects in Thailand involved our support of the Thai Red Cross to provide patients access to innovative drugs. We did not directly correspond with hospitals or doctors but left it up to a non-profit organization to determine who were most in need of it. We spent hundreds of millions on this project for the public.

Roche Thailand is the first pharma company that receive the Good Corporate Governance in 2011 from the Thai Chamber of Commerce… congratulations! How important are such awards and what values are you the most keen on sharing about Roche?

We are very proud! Ethical and compliant behaviour are very important to Roche. We put all our tools and instruments in place to guarantee that we work ethically, along codes of conducts and in a sustainable compliance scheme.
Three weeks ago we received a second award, this time from the National Anti-Corruption Committee, and again we were the first pharmaceutical company to receive it. We see these awards as an encouragement that we should continue what we are doing. We work on patient welfare and life and we can and should provide treatment in the most ethical manner. We have lots of mechanisms in place to guarantee this.

After more than 10 years in Thailand, what advise you would like to give to expatriate managers in Thailand in order to be successful here?

Thailand is a country with a very traditional and old culture. The most important thing in our globalizing world is to respect the culture of the receiving country. Thai culture is a culture of respect anyways, and it will be highly appreciated if we show that we try to understand the culture, among others by learning the language and by trying to balance our native culture with the culture of our new country. This goes for business as well; we need to try and adapt our business to the needs of the receiving country. In today’s world we are tempted to transfer our cultural views into other countries, especially into developing countries. The line of thought is, “We have the right recipe, and the developing countries have to learn from us.” This is the wrong view I believe. If we show that we want to know how things are done here and adapt ourselves to local laws, culture, and behaviour, if we accept and adapt to old and traditional cultures, we will be happier and more successful!

What would be the final message to our readers?

Roche Thailand stands fully behind the philosophy to help the patient in need. We strive to be seen as a company that is not only carrying out a business, but has the sincere goal of putting the patient in the centre of our effort.

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