Interview with Mark Glover , Vice President and Managing Director, Allergan

27.02.2012

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How have PBS reforms impacted Allergan in Australia?

The PBS is a very good system that provides Australians with equity of access and has worked well in the country for many years. Once a therapeutic is approved and funded, Australia has one of the highest penetration rates around the world. The barrier to entry is two-fold. It is a complex health outcomes-related process that takes a long time to achieve success and final approval has a tendency to be at a lower price than is sustained in either the US or Europe. The PBS therefore has some attractiveness, as well as some absolute challenges of getting drugs approved through the review mechanism. There is always a trade-off. From Allergan's perspective, the majority of our neuroscience business is funded through the PBS, where BOTOX® is used for the treatment of juvenile cerebral palsy, movement disorders and dystonia. Also approximately over half of Allergan's eye care products ranging from Glaucoma to dry eye medications are supported by the PBS. Allergan is the world leader in medical aesthetics, with BOTOX®, Juvéderm and breast implants. Approximately 1/3 of our breast implants are funded through the device-funding mechanism. These are used for reconstruction in the case of mastectomy for oncology-related complications predominately. The Health business is the fourth commercial division at Allergan. This area specialises in obesity management through the provision of the LAP-BAND® adjustable system. This important intervention is funded via the prosthesis schedule for the LAP-BAND® for people with private health insurance. There are currently several initiatives being implemented by

the state and federal governments in obesity management. At this time about 5% of all bands are performed through the public health system. Like a number of companies that have drugs funded by the PBS, Allergan has been affected by the recent generic policy introduced. Our Eye Care business has a number of products that have had a range of price reductions. The PBS reforms are affecting our business this year and will continue to do so next year.

What outcome do you expect from the recently-assembled PISG?

I would hope there is genuine engagement from both the industry and the government. Allergan is an R&D focused innovative company and wants to have product sustainability within the pricing structure. The availability of low price generics does play an important part in the sustainability of the PBS. As long as there is timely access to R&D-based products at reasonable prices to continue to support innovative product development by R&D focused companies. I would hope that this is what should come through the PISG forum.

Would you briefly describe some of Allergan's recent achievements in Australia?

The good thing about Allergan is its diverse portfolio, providing significant growth across the medical aesthetics and obesity businesses, as well as good performance in our Neuroscience and Eye Care businesses. We aren't a one-horse show. In Australia, BOTOX® contributes about a third of the company's business, through its 10 different indications across both therapeutic and cosmetic indications, so it is an unusual product with its own pipeline with hopefully more indications to come in the future. We recently launched Juvéderm™ a facial filler, which is providing consumers with a long-lasting easy to use product. The value of the LAP-BAND® adjustable system was once again confirmed in a recent study by a Melbourne team lead by Professor Paul O'Brien and Associate Professor John Dixon published in JAMA in January 2008. In a 2-year follow-up study for patients with Type 2 diabetes, being treated with conventional therapy, with and without LAP-BAND®. The results showed that of the patients in the conventional therapy arm, 13% of patients were in remission at the end of the study compared to 73% with LAP-BAND®. More and more patients are now seeking this valuable intervention to assist in the resolution of their co morbidities. From an R&D point of view, the decision was made at the beginning of 2007 to invest very heavily in the Asia Pacific region. Since then the Asia Pacific clinical team has grown from six people, two years ago, to 30 people today. Across the company's R&D team in Asia Pacific Allergan invests a substantial amount annually in the region. Asia Pacific is a significant strategic growth area for Allergan. We invest in the front end of the drug development process, namely clinical trials, and that flows through to the commercial part of the business.

Why is Australia an attractive place for Allergan to invest?

Australia is an attractive place because of the opportunity to provide our products to appropriate patients in a country that provides quality access for therapeutics, together with a robust first world economy. Australia is a mature health care market and the company has been in Australia for 40 years, so we are very familiar with the Australian health care system. Australian clinicians are well regarded when it comes to quality clinical trials and as Allergan is seeking to have a good portion of patients for our registration trials coming from Asia Pacific countries; Australia is naturally a country of choice. Currently Allergan Australia/New Zealand contributes a significant percentage of revenue for Allergan Asia Pacific.

In the past two years, Allergan ANZ has grown by over 40%, almost all of which is organic growth.
Why is Australia an attractive location to conduct clinical trials?

As previously mentioned, the scientific quality in Australia is of a high standard comparable to the best in the world, and economically it is attractive. As some of the Asian countries have become more robust in their clinical development attitude and processes, Allergan has expanded research across the region. Allergan's drive is to get good quality clinical data in a timely manner at an economic price. If this is achieved, we are on our way to bringing new and innovative products to needy patients and consumers. The ability to recruit good quality centres with high quality data is the paramount driver, and Australia provides that in the therapeutic areas in which Allergan operates. Allergan has a long history of conducting clinical trials in Australia and New Zealand in eye care; it is also becoming increasingly important in some innovative development of additional therapeutic indications with BOTOX®.

From where does Allergan recruit to build its fast-growing team?

90% of staff comes from within the industry. Like a number of companies at present Allergan has had a significant challenge in recruiting quality clinical people, with such a rapid growth expectation in this area of the business. As a result we have gone overseas to fill a number of positions; in particular we have hired several English expatriates because we have been unable to find enough people in a timely manner within the Australian market. With Allergan's continued expansion we to need good quality staff across all areas of our business.

What will be the strategy to manage this growth in Asia Pacific?

The expectation is that Allergan will double its current performance over the next 3-5 years. This will be driven through organic growth, as well as bringing new products to market from our good

pipeline. These products will be entering growth markets together with some new indications for existing products. Allergan will continue to invest in Australia and New Zealand as well as across the emerging markets of Asia: Korea, China, Japan, and India. It therefore requires us to have focus on our key opportunities, investing wisely and recruiting and retaining quality people.

Where do you want to take the Australia and New Zealand business along with this rather ambitious growth prospect?

The vision is to maintain aggressive growth in our niche areas. We have a product range to make that possible, it is a question of focusing on key opportunities through the efforts of a quality team in a dynamic environment. From a managerial point of view the biggest challenge is to maintain the quality of people, which can deliver our great products to patients via partnerships with healthcare professionals.

What is your final message to the readers of Pharmaceutical Executive?

If people are interested in a multi-speciality healthcare company, focused on discovering, developing and commercialising innovative specialty pharmaceuticals, biologics and medical devices then Allergan Australia / New Zealand provides an opportunity for dynamic growth and challenge and is a great place to be. Come and meet us!

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