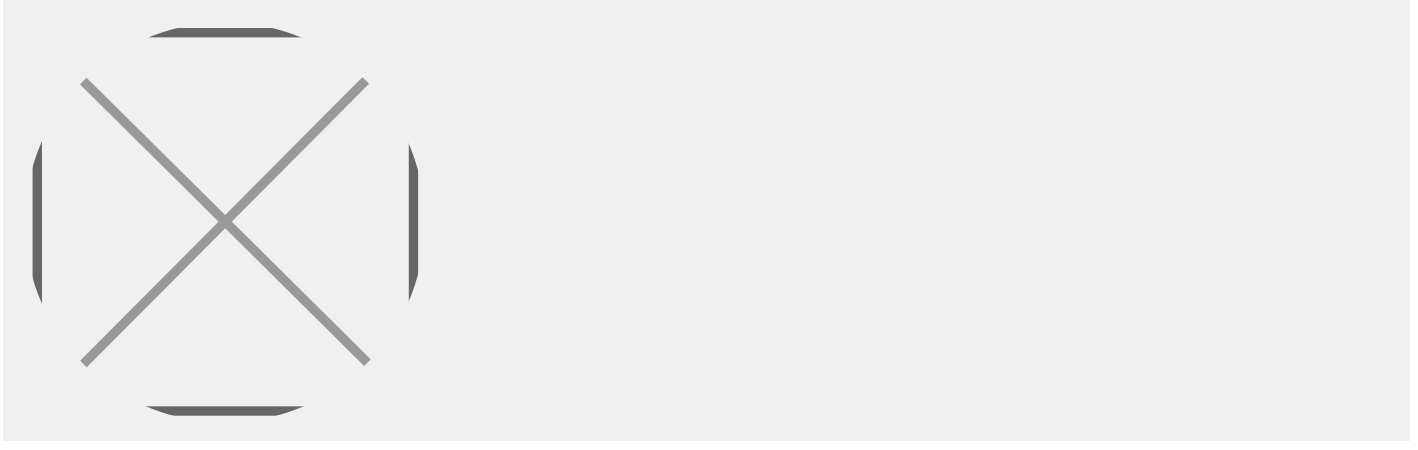


Interview with Dr. Hasit Joshipura, Vice President, South Asia & Managing Director, India, GlaxoSmithKline Pharmaceuticals Limited - India



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A catalyst of India's shifting industry dynamics has been the sector's M&A activity. We already saw majors such as Piramal going to Abbott and Ranbaxy to Daiichi-Sankyo... And while Andrew Witty has publicly announced to pursue acquisitions here, growth has largely been organically. Is it too late for GSK to catch up within this hypercompetitive context?

Why too late? GSK has a different presence in India. As far as GSK is concerned, our reasons to engage in acquisitions may differ from other players in the market. If we find a suitable target with a strategic fit and an attractive valuation, we will not hesitate to acquire.

After a very successful past in India, our challenge now is to speed up our growth here. How do we take this company to the next level to embrace all the opportunities that India now offers? How do we leverage our great legacy? These are the questions we currently need to ask ourselves.

Also, we have always believed in partnering up with other market players. There are for example a number of Japanese companies that have partnered up with us. We also have a partnership with Belgian company UCB, and so on. These sorts of collaboration will also continue to form an important part of our balanced growth strategy.

In a 2009 interview with the Economic Times, you explained that GSK has reorganized itself. To develop multiple sets of capabilities, the business was divided into a vertical side and a branded generics side. What makes this strategy work and how does it fit India's current market characteristics and dynamics?

At the time of the merger with SmithKline Beecham in 2001, the focus was on synergy and leveraging the strengths of both companies, while controlling costs. The objective at that time was to maximize the benefits of the merger. Once that phase was over, and given that the Indian environment was undergoing a substantial change, there was a clear need to identify the next set of goals and objectives for the company and develop a suitable strategy accordingly.

GSK builds on a certain set of capabilities and strengths, which were important in the past and will continue to be important. Yet, with other opportunities opening up for a company of this scale and size, we need to keep developing new competences too. We need to make sure that we have a full repertoire of capabilities to embrace the potential that the Indian healthcare environment offers.

As one of the market leaders in India, you need to be able to make your products available throughout the entire country. Yet, in many places in rural India this may be quite challenging. What is your assessment of GSK's local strategy?

GSK is the number two company in terms of market share for rural India. This is a slightly better ranking than the one for the whole of India. However, what rural means to GSK may differ from how other companies' interpretations. In any case, as the growth of GDP increases, there will be an increasing number of people entering the world of modern medicine. It is important for GSK to be there and serve the healthcare needs of the country and these new patients.

Many years ago, the company decided to develop a model focused on Indian patients. Coupled with the fact that GSK had products that aligned well with the disease profiles in India, the decision to build stronger relationships and efforts to invest in creating a greater reach, this strategy allowed us to become leaders in that end of the market.

Based on this strategy, how does GSK position itself in the Indian market?

Most stakeholders of the Indian pharmaceutical industry have the opinion that GSK is almost considered as an Indian company here. This is very much related to the fact that we have been present in this market since 1924.

It was not our objective to position ourselves this way. Our objective was to focus on Indian patients. The fact that we are almost perceived as an Indian company is a fallout of that objective of ours.

You mentioned a focus on Indian patients. Yet, local income levels and healthcare spending may be an issue to local pricing. How do you adapt your pricing strategy?

We have always had an India-specific pricing strategy. One of the reasons for our large presence in India, is that we moved manufacturing here. This allowed us to price the products appropriately. Coupled with the fact that GSK enjoyed mass market opportunities, this helped us to build a presence here.

To what extent is the current manufacturing capacity of GSK in India suitable to serve the local market?

We use a combination of in-house and external manufacturing. Besides our own units in Nashik and Thane, we also use a number of toll manufacturers.

The falling productivity of the global research pipeline is a significant issue for GSK's future. While some of the outsourced research work in India is not necessarily linked to GSK India. What role do you see for GSK India to help drive up the innovative character of the company worldwide?

We engage in a fair bit of clinical trials in India for the parent firm, there is a tie-up with Tata for clinical data management, we support the vaccines business from Bangalore, and so on. We are already spending efforts to help the company overcome this global issue. It is even expected that these efforts will further increase as we move forward.

How do you currently perceive India's potential for clinical trials? Is everything in place to speak of a hub?

In due time, it is inevitable that India will evolve towards this status. GSK, for example, is already one of the largest of the global companies to perform clinical trials in India. For our company, the country already serves as a hub in that sense.

GSK has opened, like many other MNCs, R&D facilities in China. Why do you think the decision fell on China rather than India? What do you think was missing here?

The growth of the pharmaceutical companies in China actually started a while back. The Indian Intellectual Property environment only changed recently. As the Indian market now continues to grow, in combination with this new IP in place, I expect additional investment in R&D to follow in due course.

What are your ambitions on taking the company forward now?

For a long time, the innovative companies trailed the market growth. After patent law changed in 1970, the innovative companies kept losing market share because they grew slower than the

market. Our objective was first to pull up and start growing in line with the market, which has by and large been achieved by now. The next step will be to grow faster than the market. Like most other companies, this will be achieved through a mixture of organic and inorganic growth.

GSK has many programs in place to act as a good corporate citizen, in particular in India where one third of the population lives below the poverty line. How do you start and where are your priorities if there is so much that can be done?

We have a very clear focus on healthcare and education for the underserved, underprivileged, women, children and elderly of society. This defines where we will intervene. Our focus is to catalyze action and attention on the various stakeholders of our interventions. We have committees at various units to decide on what local projects to get involved in, while we have a national program as well.

At the same time, you also act as a major employer for the community. How do you attract and retain the right people?

We started investing since 2008. Before that, we did not add significant headcount. In the last three years alone however, we have added close to 1,000 people.

Within healthcare, GSK has a strong reputation and is considered as a good place to start because of the good training programs. Therefore, we are able to attract and grow people.

You've been heading the Indian operations for roughly four years now. What achievements are you most proud of?

I do not achieve anything, it is the team that achieves. The team here has been able to pull up to market growth and expand the number of healthcare solutions to the Indian population, both in vaccines and pharmaceuticals. They have been able to do so in a very transparent way that has created access to the patients.

What does your agenda look like right now?

A developing country like India obviously has multiple healthcare needs. GSK aims to meet as many of these needs as possible by expanding its range of therapeutic offerings where possible. In this way, GSK will continue to expand its footprint in the country.

As one of the leading companies in the country, what is your final message to our readers?

One of the objectives of the pharmaceutical industry is to meet healthcare needs. In India we have the opportunity, as large parts of the population come into the fold of modern medicine, to improve healthcare outcomes in the country, which will in turn impact India's economic growth.

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