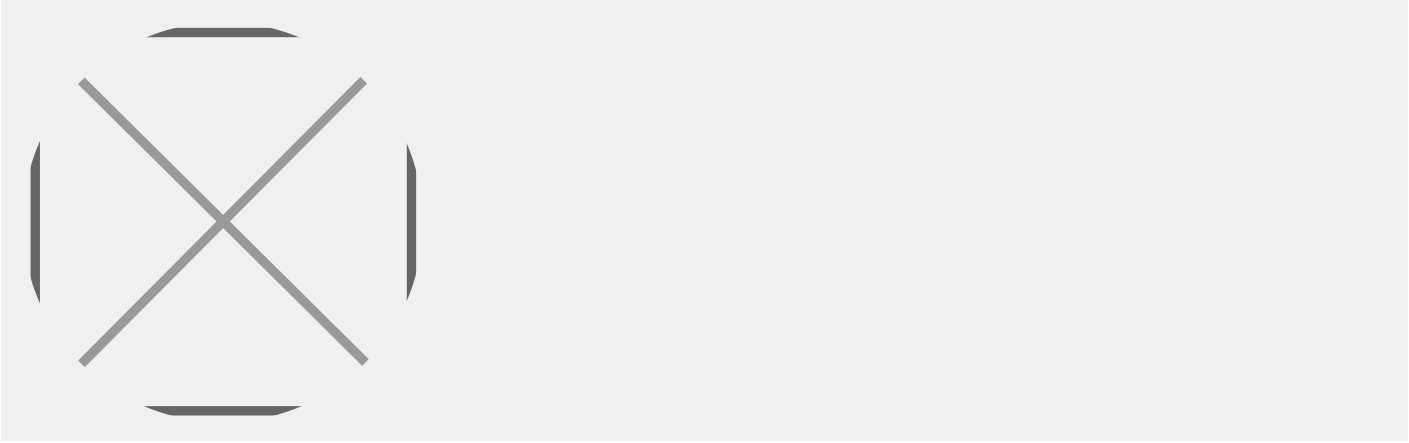
Interview with Rob van Aperen, Specialty Care BU Head & Country Lead Netherlands, Pfizer Nehterlands



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Pfizer is well placed for the next generation of growth. Coming off great M&A's and now restructuring internally, (from the country structure to the business units). After closing 2010, the first full year since changes have been incorporated, what have been the effects here for the Dutch affiliate? How has the restructuring optimized your performance and brought you closer to your customers?

The change to the business unit structure was quite significant for Pfizer. It really was a big change from the past and the traditional way of working. The move to Primary Care, Specialty Care and Oncology business units (BU) allowed us to focus more on the specific needs that our customers in those segments have. The introduction of the Established Product BU also introduced the fact that we are working more towards other, more established assets, even beyond LOE. In previous days, we really abandoned and moved on to the next, new products. But because of challenges related to introducing new products to market, you are also forced to use your assets to a better extent. Having an established Products BU also positions Pfizer to better seize opportunities in emerging markets. Moreover, the change to business units was a means for Pfizer to maximize the assets in its portfolio. For example in the past we were focusing mainly on our biggest products, such as Lipitor. Everything in Pfizer was focused on Lipitor which was our biggest product not only globally, but here in the Netherlands as well.

Today our organisation is better equipped to maximize opportunities across our portfolio of medicines. Similarly, the Consumer Healthcare and Animal health BU's can focus on the needs of

their specific customers and products.

My prime business responsibility is the specialty care business unit. On top of that I am the country lead, meaning that I am the fiduciary managing director for the whole organization.

What makes the difference is that now we have people who are fully P&L responsible for focused segments of the portfolio. However as country lead I am also responsible for the Public Affairs & Policy Department that is reporting to me. That means that to a certain extent I am still involved in other products like Lipitor, but my focus is on the specialty care portfolio (e.g. TNF-? blockers, haemophilia, endocrine care, vaccines and infectious disease).

With all of these different roles and structures, you had the distinct privilege of overseeing the merger and integration with Wyeth. What were the main objectives that you were looking to achieve during that process so that the integration was as smooth and seamless as possible?

First of all, we wanted to ensure that the customers would hardly notice the merger. If there is one thing that is critical during a merger is that the customers of the new company remain committed. Therefore it is important to invest resources in that area and continue open interaction with customers. The simple principle was that the customers should not suffer from the integration and transition phase and we have been very successful in achieving that. We kept most of our field forces and marketing people in the same areas. Essentially we tried to ensure that our customers would keep their familiar representatives as much as possible in order to retain their trust and to protect our business.

We have a big interest in the Netherlands with a very successful TNF-? blocker. Patient benefit is extremely great because people with Rheumatoid Arthritis (RA) and other forms of arthritis diseases are now able to get out of their wheelchairs and walk again. This truly has a great positive impact on society.

On the other hand, the increasing number of patients that are benefiting from TNF-? blockers comes at a cost. In order to ensure patients retain access to these kinds of products and physicians are allowed to prescribe the best drug for the individual patient, we have to work together with health care authorities and health insurers to develop and implement new approaches to contain costs. Patients can respond differently to different TNF blockers and should not be switched merely because of economic reasons. Switching can lead to less therapeutic effect or adverse events.

Pfizer is an enormous company that has been redefining itself through restructuring of its operations. Here in the Netherlands, with a very small but complex market, where do the two meet? What is Pfizer’s strategy for fitting this large company with its different divisions and

moving around in this smaller market?

The approach of Pfizer towards its structuring is vertically integrated. We have a global division which splits into business units, followed by a European division and a mid-sized market cluster within the business units. There, we have the Netherlands as the largest of the smaller markets. The Netherlands is the number 1 of the eleven markets for speciality and primary care. We are doing quite well as such.

There is the talk of the big 5 or the Big European markets, and the Netherlands is on the 6th place. That gives you the positioning of the Dutch market within the European context.

Something that sticks out about the Netherlands, is the changing role of the insurance provider. We see that power has shifted to insurance companies, especially in the specialty care market. Being the head of the specialty care unit, how has this redefined and shaped the speciality care strategy? How have you adapted sales strategies in response to this power shift?

We had an eye on these kinds of developments from way back. Already 10 years ago, we could see the changing role of health insurers and other stakeholders. That was the time we began to think of ways to engage with new customers in a way that would add value to them and be different from what was already being offered.

In 2001, Pfizer started a congress for health insurers, government, patient associations, reimbursement authorities, and industry CEOs, and scientific associations – essentially getting all decision makers in one room for several days. We called that conference –“Zorg voor de toekomst” or “Caring for the future”. The idea is to bring timely topics on the agenda and have high-level representatives from important health care bodies in the Netherlands. This year we will have the 11th series of that congress. It is very successful; really innovative and new ideas are coming out of it, which matter to all health care parties.

This congress is not about medicines, but about what is important to Dutch health care at large. We cover various topics ranging from the sharing of new best practices, the undertaking of new initiatives and ideas of the government, and so on. Even new approaches are being tested in that group in order to discover whether they would work or not in practice. So it is an excellent platform for different stakeholders to come together and start cooperating before bringing something to practice.

Increasingly we have been focusing on the insurers, but also on the managers of the hospitals. They are part of the congress for years now and we are trying to engage them in the dialogue. Most importantly, everyone is seen as a partner in creating new ideas.

On the shorter term “Lipitor” will go off patent and this makes for a very anxious time for the industry at large. However, life goes on after patent expiration and what does life after Lipitor look like for Pfizer and the affiliate here?

I think that losing big products is something one should get used to in this industry. That’s actually the nature of the industry – we grow with big products, and sometimes decline with big products.

Now as an industry we are trying to balance those evolutions. That is one of the reasons that Pfizer decided to buy Wyeth; to make sure that our pipeline remains rich and to ensure the continuity of business.

With regards to the time when “Lipitor” goes off patent, Pfizer has already anticipated that kind of evolution and adopted a new approach towards the business units. All countries were asked to present their plans until the year 2012 and those plans evolve over time responding to the ongoing changes in the environment

Within that transition to business units we had to make a number of lay-offs, and slim our operations. We have been focusing our business units on opportunities and on our assets. Pfizer is very active in exploring opportunities for business development, recently resulting in the takeover of “Wyeth” but there are also smaller firms. We are also looking at niche products that meet the need of severely ill patients. For example, we are buying smaller companies with products that are far from what the industry considers blockbusters and serve the medical need of “only” 8,000 patients worldwide. So we are changing our focus from blockbusters to the ones that can save lives and improve the quality of living.

For the specialty products, the Dutch business unit can deal in a different way. Today we are focusing on how we can bring new smaller products to the market, and that could involve only 10-50 prescribers. This is very different from the past where we worked with thousands of GPs or specialists.

The whole evolution is different. Of course if you are still able to find a blockbuster it is great, but we have to realize that the whole nature of the business is changing. We have to be realistic about the tendencies in the industry. We are not looking for the next marginally improved medicine, because there will be no significant added value or cost effectiveness versus the products that are or will become generically available. The prices in general have dropped to such a low level that you can never bring such a marginally improved product on the market that can beat this price gap.

Pfizer often gets commented on for buying new assets and buying pipeline products. At the end of the day, as long as it’s still a part of the Pfizer name and Pfizer family, does it matter where it comes from? Do you see a particular important emphasis on home-grown developed pipeline research?

I see that Pfizer is exploring opportunities from all over the world. What Pfizer is looking for is the best-in-class. I am 100 per cent convinced that if the Netherlands would produce a product that is the best-in-class opportunity, Pfizer would have a look at it. However, we are very critical because the costs associated with the development of new products are huge.

As long as the products are best-in-class and we see an opportunity in that product, we are going for it. With our worldwide presence and well-established marketing operations in many locations throughout the globe, we are able to provide a benefit to small and innovative companies. That's why we have a lot of collaborations worldwide with many biotech firms and small companies with whom we can create mutually beneficial relations.

In general, it is very difficult to be sure about the final product and whether it will be a success. There are no guarantees on the output of your research and development units. However, you are able to increase the opportunities in all areas that you have defined as strategic and where you want to work on. We have predefined areas that further provide flexibility to our operations, make the company lean, and we can focus more on the successful developments.

What is your impression of the research culture and infrastructure in the NL?

There is no question about it. We are able to do excellent work in the Netherlands due to the high quality of study in the country.

The Netherlands is definitely a great source of R&D and for clinical trials; this has been proven in the past in many of the disease areas that we cover. We will not abandon to do such work in many areas. In The Netherlands we have many European or even global key opinion leaders in the field of lipids, rheumatology and oncology. Pfizer will certainly continue to involve those opinion leaders in our clinical research and development programs. We simply cannot ignore the knowledge and expertise that those people have and in return, bring our knowledge to them.

That is the same for vaccines. The Netherlands is very developed in this sector. Here people have a very strong interest towards vaccines and the Medical Evaluation Board is respected throughout Europe for its knowledge in this area.

In these specific areas, Pfizer remains focused and involved in the research arena as we can bring a lot to the world.

With regards to future branding of the research industry and the infrastructure and culture here in the Netherlands, what do you think will bring the Dutch more into the global limelight?

In fact there is a huge debate at the moment about the current trend of global pharmaceutical companies withdrawing their research facilities and activities from the Netherlands. We had warned

our community already for years about this potential threat. The companies today need to be more agile, more responsive towards the market demands. They also need to be faster and to watch the costs that the company brings on. There has been an overall underestimation of the impact of these issues, leading to the situation we are in today.

The Netherlands clearly has a drive to become a knowledge intensive economy, but I think the government could have put more effort in place to ensure that we can actually bring to life all of our discoveries and developments or at least show more appreciation of the scientific value our industry brings to the Dutch economy and society at large.

Have the industry and government met half way in their efforts to get what they want from the Public Private Partnerships realm by flagging the initiatives that they wanted to get involved with? Has the industry done a fair share and the government is not meeting half way?

On the broad level, the Netherlands has an initiative called, “Top Institute Pharma”. That is an initiative where the industry, universities, and the research community met each other half way. In this program the industry was investing a certain sum and the idea was that the Ministry of Health would double that investment. It was a great initiative and the government wanted to invest over EUR 130 million in that area. It is a Public Private Partnership that is far from the commercial area, since it does not focus on our products but aims at building new ideas and new developments. It started off quite well. But now that projects have really started, you can see already that the government is pulling back and they may not be sticking to their commitment.

That is really sad; that our state is not really committed to maintaining its support. We had developed together a great initiative that was fully focused on innovation and bringing the best out of the research capacities and possibilities in the Netherlands.

Today, increasingly, everyone is constantly focused on costs and costs only. The Minister of Healthcare sees the optimism in the future health care system, which she believes, will be driven by the quality of health care, rather than its cost. I honestly do not share this optimism. I do not see any signals of this happening. As most insurers are only concentrating on the costs, they are not interested in services or specific programs that we offer that bring additional value to the patients.

Of course, we are not a charity organization ourselves, but we are trying to balance the two. As many companies, we have had to downsize to rationalize the operations and look for different operating models.

The community is also changing. There are clearly new rules to the competition and ways to interact with competitors. Next to our classical marketing efforts, today we really have to show the added value in order to convince the different stakeholders in the decision making process to grant

patient access to our products. At the end of the day, if the product has no quality, it is gone. However, it is a much more content- and quality-based approach than before.

Revenue wise, Pfizer is the Number 1 in the world in sales amongst the big Pharma companies. What is your position here in the Netherlands?

We are the Number 1 in the Netherlands as well. At the moment what you do not yet see in the numbers, is the cumulative value of Pfizer's recent acquisition. You need to take into account Wyeth and Pfizer together and also our cooperation with Boehringer Ingelheim on "Spiriva". So our total is not clearly seen in the market.

If Pfizer is the Number 1 in your market and the Number 1 in the world, what is your strategy of going forward? Moreover, what is Pfizer's role in boosting the industry at large, and here in the Netherlands?

What we are working on right now is assessing our activities and ensuring that we are operating on a continuous basis. This probably applies to all Pfizer affiliates. We are also looking for ways to be more effective in interacting with our customers. At the same time, we have already set up some activities that will bring us closer to the decision makers. This was done a few years ago in order to anticipate the evolution process we will go through in the upcoming years.

Moreover, for many years we have had people who are dedicated to improving our interaction with the hospital boards and the emerging new business units in the hospitals. Some years ago we realized that, sooner or later, the hospital boards would become more closely involved in the decision making in all areas that have an impact on the financial status of the hospital, including medicines. Recently this belief was reinforced as the government announced that they want to shift the reimbursement of the specialty care products to the hospital budgets. This clearly brings out completely new issues that we will have to deal with in the future. It will be challenging on all sides.

The idea behind this state's decision is obviously to create more market competition. As we stand, we want to play the market game, but on a fair basis. So we have to come to an agreement with involved health care parties to ensure that our IP rights are being respected and that our R&D efforts and significant investments are not a free ticket to generic or low priced drugs. We see that some health insurers stimulate the use of drugs in disease areas that is off label use, whereas evidence based drugs with marketing authorisations are available. This calls for reflection. We need to change this direction and find the ways to interact and communicate with the insurers to have better mutual understanding and trust in moving forward.

On behalf of Pfizer, what will your final message be towards all the stakeholders in the industry here in the Netherlands, but also on the global scale?

I think at the end of the day, we can make things work only if we are ready to step over our shadows and start working together.

The whole world of health care and patient care will only get more complex and increasingly different in the future. It will be more costly, and if we want to be efficient we should not reinvent the wheel. We should work more closely together, and get all the distrust out of the way. We should also be more transparent about our activities, and make the decisions we should be able to make. That is in fact what Pfizer is trying to achieve already for some years now

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