

Interview with Steve Kerridge, Executive Chairman, Apodi

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You joined Apodi in 2008, after a hiatus from the industry following the sale of your previous company, In2Focus, in 2007. What has been the most challenging aspect of your work at Apodi since you joined?

The most challenging thing is that no matter how good your ideas are, and your plans are, you will only be successful if you clearly add value to your customer by driving up product performance and ROI. Also the Contract Sales and Services market has changed dramatically since the early years—Innovex were clearly number one when I was there in the 90's. The order was Innovex with about 70% market share, then a bunch of small players. What has happened now is that this scenario has changed significantly. Innovex are now relatively small in the contract sales arena, with others like In2Focus having taken a good share of the CSO volume.

So when you are entering as a new player, even with the heritage and credentials that we have, it is still quite tough breaking into that market. You have to start from scratch, building on previous experience, but for me it's all about understanding your customers issues, owning their problems and building high performance solutions that clearly address their needs and drive results.

In your view, why has the market changed?

I think the biggest reason for these changes is the fact that a big service company is not necessarily always the best. The problem with being big is that you often lose sight of your

customer, and you lose flexibility. If you are not careful, you end up selling to the customer the things that you have to sell, as opposed to what the customer really needs to drive their business forward, and everything that we are doing at Apodi is completely based on this. Everything is built for the specific needs of the customer, and the needs of their market.

The bigger organizations are less flexible. They have other constraints that they must manage. They have a massive cost base that they have to feed and support. That is where we have a big advantage, in that we are building completely from scratch—we are building completely tailored solutions. Every situation that we enter into with a customer is founded on a deep understanding of their market and challenges. We are not there because we are a contract sales organization and we want to sell them a team of people; we are not there because we have five syndicated teams and we have to fill all of the slots; we are not there to make some noise and give them whatever we have got. We go in there and we build the right solution for them.

We are in the business of high-quality, high performance solutions that drive ROI. I think that is the mentality that makes you successful, because it is so specific to the customer; it is so specific to their needs, and the challenges that they need to solve. And it's backed up with highly experienced individuals who are experts in their sector.

Are these the competitive advantages of Apodi?

Yes. My view is that the quality of your staff together with the integrity of your offering and the insights they can bring must be at least as good, if not better, than the pharma company that you are servicing. If not, then why would they bother outsourcing to you?

A key element is that you have to have enough specialist expertise to be able to bring more to the table than they can access through their own internal resources. That is something that we work hard at. A lot of people that we have bring a wealth of insight, and a real depth of understanding in the areas that they are involved in. That is what they do—it is their job to be experts.

When you joined in 2008, you joined the company at a challenging time. Did the changes in the market worry you? Or did you see it as an opportunity to flourish?

I would not have come into Apodi if I did not think that the market had moved on a lot, and that with our model, there were going to be significant opportunities.

For example, there is now a better environment for joint working initiatives with the NHS. There are a lot of opportunities out there for these types of initiatives within the DOH and ABPI guidance. But there is lack of good experience in setting them up, running them, making them effective, and

garnering the improved healthcare outcomes and ROI that is the ultimate measure for a pharmaceutical company; and there is a lack of experience in delivering a sustainable output for patients and for the NHS that improves what they are getting out of these programs. That is in itself a market for a high quality player to facilitate, and develop a market leadership position. One arm of Apodi's business is actually setting up and implementing these types of initiatives working in a highly integrated way with the NHS.

Some people call it patient sourcing, it can be many sorts of things, but there are very strict guidelines—formed by the ABPI and the Department of Health—which have recently been developed to engender this environment where joint working is actually allowable, acceptable, and successful.

If we look at the shifts in the healthcare system, and consider what the patient can get out of it, what the private sector can get out of it, and what the government can get out of it, do you feel that things are heading in the right direction?

Absolutely. We have the joint working guidelines between the NHS and the ABPI, which outline the rules within which you need to play in order for this to be acceptable and ethical and responsible as an industry. But the fundamental is that the NHS has to invest, and the pharma company invests, and they jointly improve the health of the nation—that is what it is about. Everybody must win through this process—the patient must win, the NHS must win, and the pharmaceutical benefit is that they ultimately improve the depth of use of their products. But it must be done in a very ethical way.

Where we come in—is in forming that bridge, and driving the capability to make it a successful outcome for the three concerned parties. A lot of that is actually being able to access and really understand the NHS. That is one thing that contract sales organizations, and organizations like Apodi, have to be expert at understanding—how to access the NHS, and who the key players are. The key players have changed—it is not as simple as it used to be, when you sent reps in, and they sold to a GP, and they walked out and the GP prescribed. Sometimes now you must see people who you would not normally expect to be in that decision-making or influencing position. Which is why key account managers are becoming more important to the industry.

So a lot of it is knowing how to access the key people in the NHS to get these things established. Then after that it is all about managing the practicalities of driving these programs. It is a bit like running a military exercise. The NHS has demonstrated time after time that they cannot really organize themselves as well, or as quickly, or as efficiently, as they might like to drive these types

of initiative. The industry, on their end, has demonstrated time after time that they are not experts at implementing these things—and if they are not careful, they breach guidelines and get into trouble. So they need someone in the middle who can actually make all of these connections work, develop it in an ethical way, and drive the outputs for the various parties—and that is a big opportunity, in the market.

To come back to the original question, regarding joining the company in 2008: I think it was a good time because Joint Working has now started to emerge as a segment of the market where the industry could do with some help. Positioned the way we are, we are already demonstrating that we can help people to achieve very, very credible outputs from ethically managed joint working initiatives.

This is actually a rapidly expanding part of our business at the moment. The same things apply in the traditional contract sales arena—it all comes down to understanding the customer. If you understand the customer, you can then tailor solutions—that might include some of these joint-working initiatives—that will help drive pharmaceutical success.

Many pharmaceutical companies have identified market access as a key issue. In your opinion, what is the key success factor for a pharma company in the UK to succeed, and how can you support them with the knowledge that you have?

There is no one single thing for success—you have to get a hundred things right, every time. For example, we can look at the post-launch phase of a product. If you get market access wrong, and you do not invest appropriately at that stage, then quite frankly, you are dead. I do not think it was as critical before, because you had a diverse market where independent GPs could make their own independent prescribing decisions—that has changed; they are restricted through NICE, and through formularies and PCT policies. Throughout the 90s particularly, if you had decent products, decent clinical studies—the more reps you put behind it, the more success you got. All of the big companies and brands —GSK, Pfizer, AstraZeneca, etc.—probably based their operations on that model. But nowadays, that has changed.

The problem that a lot of the industry has got, I think, is that they do not think this through early enough. Market access mean lots of different things to different people. For some people, it is a different slant on sales and marketing, as it used to be. For other people, like us, it is more about: you have this product coming, how are you going to make sure that you have a market that is going to be receptive and responsive to using it? You have the NICE element of that, which every one is looking at, and looking at quite early. But there is a whole range of things that they need to

be doing, probably up to two years before launch. Some of the bigger companies are working quite hard on this, but some of the smaller-to-medium-sized companies have not quite understood that this is significant. What you do here will determine your likely success and rate of success.

You have to understand the critical barriers to market access for your brand. What do you have to have tied down before your product is actually available? How best to prepare the market? Some of that will be classic stuff like education, positioning, and even pricing. You have to look at each of those hurdles, and then make sure that you are getting your proposition well positioned before launch; then post launch, you have to really, really, hit the ground running. Post launch is when you can get out there with a more traditional, more practical sales and marketing mix.

We are developing a model at the moment that will be taking all of this into account, and it is really targeted toward companies who are launching a new brand or are coming to the UK with a new brand. We work with emerging companies who have a product, have a license or know it is coming, and do not have much of a presence in the UK (or any at all in some cases). What we are able to do with them is analyze the market, help them determine the likely market access barriers, and put in place programs and initiatives that would help them overcome these and quickly build a successful brand.

Also, for, say, a small biotech from the West Coast, we would be able to offer a full capability. So not only would we house their office here, for example, but we would also manage all of the capability required to bring the product to market and then get it established in the market. They can then—maybe a year or so down the line—physically form a presence in the UK, and we can transition the capability across as they form a new UK operation.

I would describe this as a 'Virtual Pharma Commercialization capability'.

We can offer clients our full range of services, or only focus on a part that they need. We can put all of the capability in place strategically and we can operationalize —so they have more chance of being successful than if they were trying to do things themselves.

You certainly have a broad portfolio of services. What have been your main growth drivers in recent times? And how satisfied are you with how the company has been growing and performing?

I am pretty satisfied with how the company is growing and performing—I am never completely satisfied, of course! We have grown rapidly into the market as a result of the intelligence, insight, quality and focus of our offering. We will continue to grow, and I think that we will be reasonably successful, as we have a complete spectrum of relevant services. Our chief business currently is

split between high performance outsourced teams and patient sourcing. Those two chunks of our business are about the same size in value terms. Let us say that together, they represent about 80% of our business, and then our HR services, resourcing and interim services take up the rest.

But the commercialization business unit that is going to be launched in January—which is targeted more towards biotech's and smaller companies coming to the UK—I think can become quite a big part of our operations on a three-to-five-year horizon. The challenge is that many of those emerging companies actually want to commercialize the brand themselves, not all want to give it to a big Pharma.

What we are aiming at is this: we can either help companies to commercialize themselves, in which case they get to keep the revenues, and other significant benefits; or we can actually help them in the process of finding another pharma party, be they GSK or someone else. The reason that we believe there is an opportunity to help companies of that type penetrate the UK—and accelerate their penetration—is because we have a lot of insight into the UK market, and we are an operationally-based organization with strategic aspects to it, rather than a strategically-based organization with limited operational capability. For example, some of the work we do is essentially consultancy work. We will collide with the odd major consultancy firm, but where we are different is that a real part of our business is operational excellence, and driving the thing through to a result.

This applies to both international, and local, biotech companies. It is probably more likely to apply to international companies, because they do not have the local knowledge, and there is more of an opportunity there.

We are launching this in January, and the market will tell us whether we were right or not, in thinking it has potential.

As you grow, how will you retain your customer focus?

That is all to do with attitude and the way that you organize your organization. I think one of the things that I learned at In2Focus was that you have to walk the talk. Every day, you have to live, breathe and do this stuff. There is no shortcut. It is not difficult; you just have to do it—sincerely, and with passion. If you do that, you will have an organization that continuously focuses on the customer. I drive that very hard in our business, because, at the end of the day, anyone can go in there and sell a customer a team of reps, and tell them why they need it. But what is going to happen is, after a year or however long the contract is, if you have not delivered a result, your customer is pretty disappointed, and is never going to go back to you in a hurry. So you might as well be honest and tell the customer, “You might think you want a team of reps, but you know

what, I do not think that's your best solution."

At the end of the day, you can give a customer what they want, and do it very well to the best of your ability, but what we try to do all the time is constantly re-look at the project and ask if it is the right shape, if it achieves the outcomes that we are looking for, if the ROI is stacking up properly. If it is not working, how do we need to change it? What angle can we take to maximize a client's success?

You own the customer's problem, constantly. You try to be straight with them. It is not complicated! You look at their problem, you put your head inside their problem, you bring the insights that you have, you challenge some of the status quos and some of the things that they perhaps have fixed in their heads, and then you come up with your honest, genuine belief of a good solution – based on strong analysis and experience that is going to drive a positive outcome. You cannot do any more than that.

What has enabled you to attract key players such as Almirall and Grunenthal for your client base?

If I were to ask them what made them come to us, they would say that we came up with an innovative solution, that really gave them confidence that we are focused on driving their business and their product. And they trusted us to deliver what we promised. I think that they would also say that they believed that they will get better quality, and much more personal service—that they would be important to us, whereas in a bigger service organization, they probably would not be as important.

Although we are a relatively new company, we do have a track record because there are a lot of people here who have done this before, and there is a lot of experience in the building. So that gives clients a background confidence. The solution that we present for them is not necessarily what they will see from the others, and the ones we have dealt with so far would say that we have offered a very tailored proposal. And we are more likely to achieve results, perhaps, than some of our competitors. Because, again, we are selling what we believe is a solution to their issue, or their challenge, and the others are probably selling a little of what they have to sell. We are completely focused on delivering High Performance outsourcing solutions.

We will probably never make as much money as the big boys, but we want to deliver these fantastic solutions so that our customers become loyal, and come back to us for more of the things that we are good at.

The ship does not sail without a visionary captain, so what is your vision for Apodi in the future?

I want Apodi to be seen as the best outsourcing partner in the segments of the pharma business that we support. I do not want us to be the biggest—I am not concerned about that in the slightest. I would rather be seen as the best, and as a company that you can trust to deliver what it promised you.

I also want my people to be motivated—I am a firm believer that motivated and engaged employees have a huge effect on the performance of the business. This is the service business; it is not a pharmaceutical company. The more motivated our people are, the more likely they are to deliver a fantastic result for our customers. Whenever we have initial training courses, I get up there and really drum into our people how important this service mentality is to our success. They have to go out and, at their local level, they have to own the customer's problem. If one of our team are working alongside a colleague and they see that they are having problems then they should go out of their way to help find solutions to help them! You may not be contracted to do that, but own their problem! I absolutely, fundamentally believe that motivated people, that are well-managed and given the right responsibility, will deliver an amazing result—far better than people who are there just because it is their job.

On a personal level, I was quite proud of what we achieved at In2Focus. It was not just me—my business partner and I worked exceptionally well together and produced a good company. Most people who worked there enjoyed it. I suppose what I need to prove now is that it was not just a one-off. My personal ambition is that we can bring Apodi to market, make it very successful, and be proud of what we build. In two year's time, we will be seen as an established player, with a very good reputation for service, quality, and high performance. And we will probably be becoming a pain to some of the other players! Making a bit of noise. The offering will have changed—reflecting the needs of our customers. We will also be about three or four times our current size.

What is your final message to your industry colleagues and clients?

We are probably one of the best-kept secrets in the industry at the moment. We have been building the capability, and we have been working with a few people in developing it. We are a fresh vibrant company and deliver a fantastic range of high performance outsourced solutions for our clients.

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