Interview with Nevin Bradford, Managing Director, Ranbaxy (UK) Ltd. (RUKL)

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You used to be the Managing Director of Ranbaxy in China. Having moved to a directorship in the UK, what professional challenges do you see in this country that distinguish it from your previous position?

Obviously there are quite a lot of challenges in moving from one continent to another, one market to another. I have moved from the UK to the Middle East, and from there to countries in Southeast Asia, and then China, and finally back to the UK. But I would say that the first move is the biggest hurdle, and from there everything seems to get easier. There are obviously cross-cultural challenges and issues. However, with support, and with experience, each subsequent move becomes less of an issue. This is from a personal standpoint.

Business-wise, throughout my career, the issues have basically been the same, whether I have been in the Middle East or in Asia—or indeed, in Europe—in terms of growing and developing the business. Obviously, the individual issues vary tremendously when you examine two disparate places like China and the UK. But, developing markets, whether they are in China or Indonesia—or Africa, for that matter—are very dynamic, like the generics market in the UK. Things happen at a very fast pace, and you have to be very adaptable and very innovative in the way you approach the market, and tailor your strategies, ideas, and thoughts accordingly if you wish to develop your business.

When I moved back to the UK, I found you actually need to have a somewhat similar set of skills, attitudes, and way of approaching the market, as you needed in the other countries where I have had tenure—knowing that things are variable and could change. The market environment can change—certainly annually, or monthly. (In some cases, even weekly, and maybe daily!) But in terms of the overall dynamism of the generics market in the UK, and the way you have to approach it: it is not exactly the same, but it is very similar to the dynamism in, say, Southeast Asia. You can make things happen quite quickly, or not. You can succeed or fail, very fast, in the generics market in the UK, and in generics markets worldwide.

In the four years that you have been in the UK, how have you seen the company perform, and where do you see future growth coming from?

The UK and Germany have the two highest generic penetration rates in Europe. The level of generic prescribing in the UK is already very high, and will probably increase. So there will be market volume growth for products already on the market.

But of course, over the next several years—perhaps two or three—there are major opportunities in the UK and, indeed, throughout Europe, because of new products being 'genericized.' This includes some of the biggest molecules in the market. These developments will act as a major engine for growth over that time frame.

So, to a certain extent, the growth will be organic, from existing generic molecules; but to a large extent, the growth will be from genericization of molecules that will soon loose patent protection. There is potential there for all the generics companies—not just in the UK, but in Europe, and around the world.

I do not believe that we are necessarily seeing the end of the "blockbuster model", as some are saying, but every molecule has a finite date to it. And it just so happens that, over the next two or three years, there are several very large molecules loosing their exclusivity in Europe and beyond. One of the interesting developments in the generic market worldwide has been the interest and entry of branded companies into the generics field, whether it be by acquiring a generics company and bolting it onto their existing business—as was the case with Ranbaxy and Daichii-Sankyo—or setting up their own generics business from scratch. This phenomenon will be an interesting challenge for existing generics players in the coming years.

Where do you stand in terms of market share in the UK?

To be honest, there is no hard-and-fast market share data available in the UK for companies in the generics sphere. What I can say definitively is that we are one of the medium-sized players in the market.

There are three or four very large companies. The largest company, by some distance, is Teva. Then there are about three companies that follow them, also quite large: Mylan, Sandoz, and Actavis. And then there are several companies—four to seven—that are medium-sized, which is where I would place Ranbaxy UK. To put it in football terms, you might say that Teva is a 'Champions League' placer, and Ranbaxy is a 'Europa League' placer. We are not one of the biggest companies—yet—but neither are we one of the smallest.

What does Ranbaxy UK represent for the Ranbaxy group globally?

The UK is actually one of Ranbaxy's key markets, and it is certainly one of Ranbaxy's top ten markets worldwide. Further, it is one of the group's key growth markets volume-wise.

In a European context: Ranbaxy's largest market in Europe is France. But the UK is actually the group's biggest volume market in Europe. The reason for the difference is, obviously, pricing. The UK market is one of the most competitive in the world, and pricing levels in the generic sector in the UK are keenly competitive in their own right. Generally, prices for generic drugs here are amongst the lowest in Europe. Hence, the differential between value and volume.

The government recently decided not to proceed with the proposed Automatic Generic Substitution plan. This seems to be a bit of a victory for research-based companies. However, Warwick Smith, head of the BGMA, has said that the failure of the proposal is not particularly a problem, as it dealt with a small share of the market. He also promised that his association would continue working with the government to facilitate the growth of generics in the UK. How did you receive the announcement?

I go along with Smith's sentiments. I think that the total volume of the products that would have been affected by this generics substitution issue was approximately GBP 50 or 60 million. Obviously, in terms of the actual size of the market, this is relatively small. And, in terms of the overall generics market, it is quite small as well—albeit not insignificant, but quite small nonetheless.

I think what was more important was that, when this announcement was made, the government also stressed that it would in fact be working to enhance the role of generics in the overall industry, and would try to put measures in place aimed at increasing the proportion of generic consumption in the NHS. Which, in our view, can be nothing but a good thing, in terms of efficiency and cost-saving in the current economic climate. We do not yet know what the measures are, specifically, but we wait with interest.

What role can generics play, now that the government is ring-fencing the NHS budget, and promoting innovation? How can you contribute to promoting innovation?

There is a common misconception that generic players are anti IP. At the end of the day, I do not see it in that frame whatsoever. The generics industry is not against intellectual property or rewards for innovation. But, every product has an intellectual property life. It is, you could say, fair and right, that the rewards of innovation come during the period where a drug is protected—and at the end of that, the product is open to generic competition. It is not a license that is given forever.

It is at the point of expiration that the generic industry can help innovation. Because, how are the (quite rightly) highly-priced innovator drugs going to be reimbursed or funded in the NHS and throughout Europe? You could well argue that they could be funded by the savings garnered by the genericization of drugs that are coming to the end of their patent life. So, it is almost like a conveyor belt: you put in very high risk—everybody knows that the innovation spending by research companies is extremely large, while the amount of approved molecules is very small, so it is right an fair that those who succeed in innovation are rewarded—and that package is the start of the conveyor belt. But then, so many years down the line, products fall off the end of the conveyor belt, because they have gone through the process and had their reward. And then, it is the savings from those products that can be utilized by the NHS, to fund new innovation taking place now.

We see a difference in the rate of generic uptake in, say, France, versus the rate in the UK: for example, when BMS’s Plavix lost patent protection, French sales soon dropped 60% due to generic competition; while in the UK, they dropped 95% over the same period. This is quite a difference for a company’s profitability. Do you see this as a flaw in the UK system?

On the contrary, I believe that the high rate of generic uptake is a testament to the efficiency of the UK market in terms of genericization. Once a product is genericized, the higher the rate of generic uptake, the better! It translates to cost savings for the NHS, cost savings for the heath care provider, and more access for the patient.

Ranbaxy is an Indian company, with a global presence—what does the Ranbaxy name stand for here in the UK?

High quality, cost-competitive generics, commercialized for the benefit of the UK patient. 10 or 15 years ago, the perception was that some Indian pharma companies were of lesser quality than their European competitors. But in the UK today, we very much have a level playing field, and everyone is judged on the same merits. Every product has to go through the same regulatory scrutiny, regardless of whether it comes from India, France, Germany, or the UK. We meet and exceed strict standards.

Certainly, Ranbaxy is in both the UK, and the European market at large, for the long-term. We have been here for 14 or 15 years, and we are one of the longest-established Indian companies in the UK and in Europe. Just as in China, for example, where Ranbaxy was the first generics company to establish a joint venture. We have two manufacturing facilities in Europe, and that is a testament to the long-term commitment that the company has to the European market.

Daichii-Sankyo's acquired Ranbaxy in 2007. Any such acquisition could result in a bit of friction, as two corporate cultures become mixed. Did you especially feel the need to insist upon a 'one-vision' policy—Ranbaxy together with Daichii—in order to make for a smooth ownership transition here in the UK?

There is certainly no culture conflict that I have come across, in the UK or elsewhere. We are in the same industry—we are just operating in different sectors. That also probably means that, while there will likely be some overlap in the future, we are segmented in our strategies and in our goals. Obviously, everyone is working towards the same ultimate goal, which is to maximize sales and profitability for Daichii-Sankyo. But, again, our segments are different. We are not in competition, and hopefully we can collaborate.

Why are people drawn to working at Ranbaxy?

We have a very open and collaborative managerial style and corporate culture—we have an open door culture, where everyone's contribution is listened to and appreciated, and rewarded. We are also working in a dynamic market, a dynamic environment. I think that it helps that we have a relatively small head count here in the UK, and everyone knows that their ideas are valued. That kind of philosophy goes a long way to creating a happy working environment.

Obviously, there is going to be some turnover. But our turnover is quite small. We have a relatively stable situation here in our office, and everybody knows that they can personally help us succeed in an interesting and competitive marketplace. The industry itself is quite competitive, and within that, the generic sector is perhaps more competitive than the others. That motivates people, and it inspires them to perform to the best of their abilities. We work together as a team, and drive forward together.

And on a personal level, everybody is encouraged to develop their career to the broadest extent possible, within the confines of the company.

What does the company aim to achieve in the coming years?

Obviously, we want to maximize the potential of our business here, which I do not think we have done yet. We have grown our business over the past several years, but there is still a lot of work to be done. That is what my colleagues and myself are dedicating ourselves to. Our main priority is expanding, and meeting our sales and profitability goals.

I find a lot of challenge in the UK generics market. Sales growth is achievable, but marrying it with profitability is quite difficult. Given the highly competitive market, you have to find balance. But, at the end of the day, it is great fun! It is very dynamic, very demanding, but great fun.

We are also backed by colleagues on the European team, and colleagues in India, and that makes life considerably easier. Without their help and incorporation, our operations would be a lot more grueling.

What is you final message for the international readers of Pharmaceutical Executive?

Ranbaxy UK is committed to the UK. We are committed to providing safe, effective, generic medicines to the UK. We aim to do it expediently, and as economically as possible—which we believe will benefit the healthcare system here, and help balance the difficult decisions that have to be made in terms of healthcare expenditure. Obviously, Ranbaxy's contribution cannot do that on its own, but I think that the contribution of the combined generics industry can help, in a very significant way, with that kind of expenditure. Ranbaxy will continue to be committed to the UK.

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