

# Interview with Frederic Duchesne, Vice President Europe & General Manager UK, Bristol-Myers Squibb UK

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Before joining Bristol-Myers Squibb (BMS), you have spent roughly twenty years with GSK. Can you describe the trajectory of your career and explain what attracted you in BMS?

Before joining BMS 4 years ago and even before spending those twenty years with GSK, I had already worked for Sanofi-Aventis for three years. This trajectory has taken me through a variety of positions covering manufacturing, supply, commercial or marketing for example, throughout France , the United Kingdom, and Eastern Europe

What mainly attracted me in BMS was its portfolio with a focus on specialty care and a clear biopharma strategy. Moreover, I have confidence in the people that run this company and was attracted by the opportunities that BMS offered for personnel development.

With such track record in both French and English markets, you are in a good position to assess some differences between the two. What are some of the particularities you would ascribe to the UK market?

The differences between the French and the British pharmaceutical markets are immense. I believe that the UK is a very surprising and challenging environment for anyone taking up a position in the local pharmaceutical industry.

In terms of the complexity of market access, the story begins with the National Institute for Health and Clinical Technology (NICE), the acting gatekeeper of the market. Without any NICE positive guidance or guideline, one cannot make any strong business in the UK. The first thing you thus need to do when running a pharmaceutical company in the UK, is to ensure you have the team that has the expertise in dealing with this institution. As a General Manager, my recommendation is to have a strong market access team with a very good knowledge of dealing with NICE that allows the market to open up to your business.

A second hurdle is convincing each Primary Care Trust (PCT), of which there are about 182 in the UK. Even if NICE gives a positive judgement, it is possible that a local PCT does not fund your drug. You need to convince these Trusts one by one which is very different from France for example, where you have a single price and a market authorisation. Once the drug is launched into primary care, the entire market is open from day one. Moreover, now that the UK will move towards 500 GP consortia, the situation may become even more complex, hence the slowest uptake of new drugs in the UK despite of the lowest price across Europe.

Because of these challenges, there is strong competition between pharmaceutical companies in the UK to acquire the best people that have the skills to deal with such bureaucracy and procedures. Having good marketing and strong brands is important, but in the UK we also need good market access experts.

As you mentioned, PCTs will disappear to be replaced by GP consortia. How will this affect BMS UK in terms of organization?

To be successful, it will become even more important to have the right people in the field that are not only skilled in terms of clinical content, but additionally know how to deal with the payers and the underlying economics of the company's products. We will be shifting from a very traditional high resource, high frequency and large target primary care model to a much smaller target model with people that have the ability to manage accounts, rather than to promote a drug to a number of physicians. The skills of our people, both in the headquarters and the field, will need to be upgraded further.

If we take a broader look at the performance of BMS, the Group as a whole has portrayed positive results in its most recent quarter. How have you seen the UK branch performing in the past years that you have been here?

The performance of BMS UK has been very strong, in particular in areas such as oncology, HIV, Neuroscience and Cardiology. There have also been challenges of course, as we lost 95% of the

PLAVIX business in less than six months. This is also an interesting difference between the UK and other markets. When a drug goes off-patent it will see a drastic drop in revenues (volume and price drop significantly from day one ) in the UK, whereas this decline will be much more gradual in most other countries. A big issue of the pharmaceutical industry in the UK is that, while Government can benefit from generic cost-savings, research-based companies see their revenues being squeezed at the uptake phase, as well as the phase when the drug goes off-patent.

Over the past few years, we have also seen BMS going through a visionary shift towards a biopharma company...

In 2006, we saw the introduction of a generic version of PLAVIX in the US which, despite having been ruled as an illegal entry, harmed the revenues of BMS significantly. Our CEO, James Cornelius, looked at the company with his of board members and set a new vision for our company by deciding to reposition BMS as the Leading Biopharma company combining the best of Biotech and best of Pharma, focusing on more speciality and biologics products.

Three key objectives supported this rebalanced portfolio.

The first was to innovate, which reflects in BMS' so called String of Pearls Strategy that has allowed us to focus on alliances, acquisitions and partnerships in R&D . A second objective has been to integrate, which aims to outsource parts of the business that are non-core and non-profitable. Thirdly, BMS decided to focus on achieving improved productivity levels within the company. This relates to continuous improvement through various policies ranging from cost-avoiding to cost-cutting , simplification and quicker decision making. So this is also a culture ship that BMS is operating.

This is a strong and clear, but also risky, strategy that has been very successful so far. The strategy is risky because BMS does have to constantly deliver on the innovation agenda. However, the benefits of this strategic orientation have clearly paid off, looking at the most recent financial results and regulatory approvals ( 6 new products will be launched over the next 2 years) . All the financial objectives that BMS has set since 2007 have been met, the pipeline is delivering plenty of new products while divestments of non-core assets have been successfully taking place as well.

Recent delivery at the innovation level has been seen with the introduction of ONGLYZA for type II diabetes...

Moreover, BMS has just launched a philanthropic program where another USD 100m has been committed to the diabetes community in the US. One part of the integration aspect of our business is to maximize the potential of the portfolio through partnerships, of which our partnership with

AstraZeneca is a clear example in the battle against diabetes. In the UK alone, my team and I manage the collaboration with five other companies which are Pfizer, AstraZeneca, Sanofi-Aventis, Otsuka Pharmaceuticals and Gilead Sciences. This model is the future for all pharmaceutical companies and is what makes BMS very different from its counterparts today. It allows to share risk, benefit and geographical footprint while complementing the company's strengths and balancing our weaknesses.

Diabetes is a disease that has been addressed by medicines that have been in the market for decades. Therefore, most of the physicians and GPs are not used to change and innovation in this market. Whereas you can have a big shift in the market for HIV for example, this will never be the case with diabetes. Adoption of innovation is slow, but it requires significant commitment of resources without much return at launch.

What do you envision for the UK branch of BMS?

The UK market is in many aspects a pilot for BMS Europe. This branch is piloting the new promotional model for BMS Europe and is leading on a number of initiatives on how the pharmaceutical industry should get organized in the new world where the payers, rather and not only the clinicians, are becoming much more influential in the decision-making process. The UK is a strong innovative base for any pharmaceutical company, not just only for BMS. A second aspect is the transparency and strength of the relationships between the pharmaceutical industry and the British government which really considers the Life Science industry as pivotal for the future health and wealth of the nation, of which the UK can be an example for many other countries.

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