# Interview with Richard Blackburn, Managing Director, Pfizer UK

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Tags: Pfizer UK

As part of a panel discussion with Claudia Hammond of the BBC last year, you commented on the fairly poor relationship between the NHS and industry, and the need to build greater trust on both sides in order to improve the uptake of new products and foster innovation in the UK. Do you feel that the dialogue with NHS has now improved and what is lacking for it to progress further?

This is not something that I would describe as being a system-wide problem, but rather there are issues with certain parts of it.
There is a dichotomy in this sense because the pharmaceutical industry has been able to develop great relationships with some parts of the NHS, having very good access to the relevant people and working with them in a genuine spirit of partnership, while, on the other hand, there are other areas where it is extremely difficult for us to talk to the right people, and this stems from a fundamental lack of trust which prevents debate and discussion. Trust is, by definition, a two-way thing which requires that both sides listen to the other. Only with that can we seek areas of mutual interest where we can respond to the challenging environmental demands together. The reality is that these are tough times both for the industry and for the NHS, but we also have many shared concerns. We all ultimately strive to improve the lives of patients. During tough times people are forced to look at things from a different perspective and I believe we are now at a moment with great opportunities for the industry and the NHS to work in closer partnership. Essentially the point I was trying to make during that panel discussion is that we haven’t reached the level of

collaboration that we should in all areas and there is room for things to improve. Having said this, I do see things moving in the right direction and I feel that times are changing for the better.

What is missing for this spirit of partnership to be adopted universally throughout all sectors of the NHS?

To begin with, there needs to be a realisation from everyone that there are brilliant people working in both the NHS and the industry, and that all of them are working towards a shared goal of doing their best for the benefit of patients. Unfortunately, there seems to be a perception from Government and the NHS that the industry is only concerned with pushing its medicines into the market and obtaining the highest margins possible. There is also a sense that if the NHS engages too much with the industry this could compromise the objectivity of decision-makers and might lead to a conflict of interests. On the industry side there are frustrations with the value of medicines not being fully realised because they are not adopted by the NHS, and that they are only seen as a cost rather than an investment in healthcare. If both sides can take a step back and consider some of these perceptions, I am confident that we can find plenty of common ground and feel less inhibited to working closely together.

In response to a global trend of increased economic pressure on the pharmaceutical industry, Pfizer has adopted a global strategy that will focus on growth in emerging markets. Where does this leave the UK market in Pfizer’s global plans and how do you aim to position the company in order to achieve this?

There is no doubt that Pfizer is investing more heavily in emerging markets today, but mature markets, such as Europe and the US, remain critically important for the company. It is also important that Pfizer seeks a truly global presence. Different markets have different needs and each requires appropriate resources and skills to respond to the opportunities that exist. Our business unit structure was developed specifically to do this and we now have a business unit that is dedicated entirely to looking after emerging markets, while other business units focus on different sections of the more mature markets. The idea is to have the right expertise and the right people working in each of these units so that they can address the specific needs of the different markets and drive growth accordingly.

Despite the loss of patent exclusivity for several products in the US and other countries, such as Aricept and Lipitor, Pfizer reported a 10% increase in net income for their Q1 results this year. Similarly, how would you assess the company’s performance in the UK in 2010/2011?

I’m pleased to say that the UK is a consistently high-performing market for Pfizer, we are in fact the largest supplier of medicines to the NHS and this is well recognised. In terms of our expectations, we continue to see strong performance and growth this year, as we have done in previous years.

During our time in the UK we have heard repeatedly that the UK pharmaceutical market is losing its competitive edge in manufacturing and research. Given the country’s rich scientific and academic talent pool why is there this perception of a diminishing quality in UK R&D?

There is no doubt that the quality of the science base in the UK remains exceptionally high. British academics and the quality of research continue to be perceived very positively throughout the world. What I believe has happened is that people have interpreted changes in R&D investments as a signal that the quality and standard of British science is also changing but I don’t think that is the case. The UK is still a place where we conduct great R&D, and this is why we have recently established our Pain and Sensory Disorders research unit in Cambridge. One issue that perhaps is true of the UK is that it has become increasingly difficult to conduct clinical trials here, but this is in no way related to the quality of science. The issue with clinical trials relates to heavy regulatory environment, lengthy approvals and high costs when compared to other global markets. If you look over the last ten years you will find that the proportion of clinical research budgets spent in the UK has diminished dramatically. The Government has realised this and is now taking concrete steps, such as proposing to have a single regulator, to address these concerns, reverse the trend and attract clinical research investment back into the country. The good news is that companies tend to be fairly unsentimental in terms of where they conduct their research, which means that if the metrics improve then there is a good prospect of this happening. We are quite a mobile industry after all, and I am optimistic about the Government’s initiative to address this situation.

On another note, you are probably aware that Pfizer made a significant announcement in February 2011 relating to the planned exit of our R&D facility located in Sandwich. Given our track record in the UK, this was a very difficult decision for the company, but it was in no way a response to the quality of British science and the individuals that are available to conduct research in the country. Rather, people should understand that our decision to exit the site was based on Pfizer’s need to rationalise the number of therapeutic areas that we are conducting research in. It is simply the case that the therapeutic areas that were being researched at Sandwich are no longer priorities for Pfizer. Added to this are the changes that are occurring in the R&D model of the pharmaceutical industry more generally. Twenty years ago the model was to build the biggest and best labs with the best scientists and this would guarantee new medicines. This is no longer viable today which means that we have to become more flexible and collaborative in finding the best science and

tapping into the ideas and innovation that are coming through other channels – academic centres and bio-innovation hubs. The new approach no longer bases itself on great state-of-the-art laboratories, but rather focuses on collaboration and smaller operational structures.
The point is that yes, the global model for R&D is changing in the pharmaceutical industry but this does not mean that British science is diminishing or that the quality is not as good.

The UK market has been described as one that is notorious for its low prices and slow uptake of new medicines. As the market leader in the country, what has been Pfizer's experience?

It is not surprising that this point of view has been expressed to you when the UK has been getting lower in the ranking of European countries in terms of the adoption of new medicines, particularly early in the life cycle. There are some areas in which the UK has above average uptake, but these therapeutic areas do not tend to be the ones where most of the innovation and new products are being introduced, such as oncology. The Government has begun to acknowledge this problem, with initiatives like the Cancer Drug Fund, but these challenges remain and present a real opportunity for the government to move towards a system that improves access to valuable medicines.
In parallel, the pharmaceutical industry also has an obligation to make a better case for the value of their products. This will allow the government authorities to conduct better comparative assessments of products and to judge the economic advantages that these can bring in the long-term. We would like to see the full value of medicines being recognised by NICE and the NHS. We believe the current scope applied to assess a medicine is too narrow to determine the true value, and that NICE's definition of value should be broadened to capture all the key elements of healthcare innovation, and reflect uncertainties in early assessment of medicines.

This is what the new value-based pricing (VBP) scheme aims to accomplish, however, most companies perceive this as a greater challenge in terms of government cost-cutting rather than an opportunity. What is your perception of the proposed VBP system?

The potential is there for it to be an opportunity. It will truly depend on how the Government goes about the implementation of the new scheme, and I feel that the consultation exercise they have conducted already is a good sign that they are willing to do this in agreement with the industry. Nevertheless, we still don't have the reassurance that this is not going to be a strategy to price medicines according to a narrow definition of their value. If this is what ends up happening, then ultimately it will be negative development. The important thing to keep in mind is that with the implementation of a new element to the system, there is the opportunity to evaluate the entire structure of the system including appraisal, pricing and reimbursement, market access and uptake of medicines.

Andrew Lansley, the Secretary of State, has stated that one of the major aims of the reform is to improve access to new medicines, but in order to achieve this we need to look beyond the pricing of medicines and also consider the uptake of new innovations in the NHS. Industry and government should come together to look at the entire system, to think about how we can maintain the UK as an early launch market. This is particularly important when you consider that the UK has historically been considered a pioneer market for new medicines. We need to take advantage of this opportunity – it is in the interests of patients in the UK that they can benefit from new and innovative medicines quickly.

In an attempt to attract investment back into the pharmaceutical industry the government has also develop the Patent Box Law. Is this an opportunity that Pfizer looks to benefit from?

This is a very positive step taken by the government and it will affect companies differently depending on their operational structures and locations. It is a clear sign that the Government is looking to support the sector in the UK. The British companies probably stand to gain more from the Patent Box than those based elsewhere. Another initiative worth mentioning is the R&D tax credit – this is another very important incentive to conducting R&D in the UK.

What are your expectations for Pfizer’s product portfolio and new launches in the UK and which therapeutic areas will be driving your growth?

We are very excited about a number of upcoming products in a number of therapeutic areas including cardiovascular, vaccines, Alzheimer’s disease and rheumatoid arthritis. Our cancer portfolio is particularly promising for the future and we look forward to making these products available to patients in the UK.

What are your personal ambitions for Pfizer in the UK for the next 5 years?

Firstly, I would like to see the company meet its financial targets and maintain our strong commercial performance in the UK. Beyond this, I would like Pfizer to be a company that British society can trust and respect. This is in fact one of our CEO’s priorities, but I personally find it to be very important as well. We all understand the reputational challenges faced by companies in our industry and I think it important that all companies in our industry work together to consider how to address the concerns of our critics. We do immensely valuable work in discovering and developing new medicines but this is often not fully appreciated because of other concerns that people have about us. I chair the ABPI’s Trust Imperative Strategy Board as part of my commitment to addressing this. As we discussed earlier, I strongly believe in the need to forge a more cohesive relationship with the NHS and I would like to see that partnership evolve so that we are all working

to ensure that medicines are being used in the most effective way. We are certainly making progress in that direction and I would like to see this continue so that it becomes the norm rather than the exception.

Considering that you have been at Pfizer for over ten years now and are already the head of one of the world's most important pharmaceutical markets what is next for you in your career? China or Brazil, or maybe even the US?

I think you will need to ask my boss that question… I really don't know what is next, but I will be happy to take on whatever challenges Pfizer has in store for me. At the moment, I am very pleased to be heading the UK operation as this is a very important market for Pfizer. There is plenty to do here so this keeps me quite busy enough.

What is your final message to the readers of Pharmaceutical Executive in regards to the future of the UK market and Pfizer's commitment to it?

As I mentioned before, we are experiencing a period of massive change within our healthcare environment in the UK and these are tough times for both the industry and the NHS, but this also represents a time of great opportunity. I hope that by creating closer links between us, we can demonstrate the wider benefits of medicines, where savings and productivity gains are seen beyond the health system, in the social care system, the wider economy and society as a whole. A more holistic approach should also encourage decision makers to take a longer view of health service costs, where additional investment in the short-term often generates greater savings over the long-term.

This will require change for everyone, but I am optimistic that it is achievable. We have many areas of common interest to drive progress. After all, the alternative is rather unattractive. The key is to get everyone aligned under one vision of making the UK better at adopting new technologies for the benefit of us all.

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