# Interview with Tom Keith Roach, President, AstraZeneca South Korea

21.09.2009

Tags: AstraZeneca South Korea

You have recently taken over the position as head of AstraZeneca in South Korea, after several years working in China. What view did you have of the Korean pharmaceutical sector from a Chinese perspective?

My exposure to Korea while in China was much more on the drug discovery and development side of our business than in terms of the market. It is very clear that the centre of gravity for global drug development is already shifting to the East. Particularly in certain areas such as oncology there is an increasing recognition that Asian patients may respond differently to treatments. So in China people are thinking how they can also work closer with other countries like Korea, Japan and Singapore in order to develop medicines that are appropriate for patients that share similar genetic profiles.Regulatory authorities in the region are starting to realize the big potential of closer collaboration in sharing patient data between countries. For Korea this could be a huge opportunity to be considered as a location for early phase clinical trials aimed at regulatory submissions in markets like China and Japan.

In your view, how similar are the pharmaceutical markets in South Korea and China?

I believe that the fundamentals of the Korean and Chinese markets are similar though there are some differences. Both are very interesting Asian markets which pharmaceutical companies are looking into expanding partnerships and collaborations in order to boost business. Korea is very

attractive due to its fast ageing population and the growing demand for high-quality modern healthcare, and this holds true to a great extent in China as well. One key difference is Korea’s substantial lead in terms of the scientific development of the market when compared to China.

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How do you see South Korea’s pharmaceutical industry in terms of becoming more innovative, and what contribution is AstraZeneca making in this regard?

I believe that South Korea is at a very interesting inflection point. It is worth taking the analogy of the Japanese pharmaceutical industry. It has taken them over 30 years to make the transition from generics to incrementally modified drugs, new cell forms, delivery systems and eventually new chemical entities. Japanese companies are now exporting their patented drugs to the rest of the world. It will take time for the Korean industry to get there as it is still in an earlier stage of development in this transition. But based on what I have seen here I strongly believe that South Korea has the capabilities in terms of education, science and government commitment to see that

the domestic industry follows that path over the next 10 to 15 years.If you look at how drugs are developed everywhere in the world it is large part through long-term effective collaboration between academia, government and industry. In South Korea, AstraZeneca has announced a series of agreements with the Ministry of Health and Welfare in certain areas of interest like cardiovascular and particularly diabetes. We now have 6 research teams here working with our centres in Sweden and the UK in this regard. These are programs where there is no short-term commercial interest and which reflect our priority of building Korea's capabilities in basic research and early stage drug development. However, in order to sustain such investments a company needs to know what the patent and pricing situations are going to look like. Volatility makes planning very difficult.

What is the relative importance of South Korea in terms of revenues and growth for AstraZeneca, considering it is one of the largest emerging markets which have been driving many pharmaceutical companies' growth in recent years?

As it is evident from AstraZeneca's quarterly results and annual reports where there are special references to emerging markets, they represent a very substantial portion of the company's global growth. Within Asia, South Korea is the third largest market and has been growing at a very strong sustained rate of about 20% for several years. But AstraZeneca is not only looking at South Korea for its sales potential, but also in terms of where it fits in the global profile of the business. The company is looking to further align its investments and assets with where growth is happening from a business perspective.Certainly those are impressive growth rates, but AstraZeneca is still not within the top 5 multinational companies in South Korea.

What is it going to take for AstraZeneca to be among the leading players on the Korean market?

AstraZeneca is currently ranked in sixth place among multinational companies in South Korea, so we should enter the top 5 soon. Getting to number 1 is possible, but that is a process that takes a long time. AstraZeneca has already done this in China where it is the largest multinational pharmaceutical company on the market, but this was not achieved overnight. It is the result of a decade-long commitment to the country in terms of investments in not only manufacturing but also genuine efforts in drug discovery and development in all phases, in collaboration with government and academia. So sustained investments increase the opportunities to grow business, and this is what we are doing in South KoreaSouth Korea is a very attractive place both from a scientific and commercial perspective. The market will continue growing as patients demand innovative medicines. However, there is a great deal of uncertainty right now regarding the true extent of the government's pro-business and pro-biotechnology commitment and how this will translate in terms

of the DERP process. We are waiting for clear signs that will indicate what the environment will be like for innovation and investments in South Korea over the next 10 years. In the long term the fundamentals of the Korean market are very strong but right now the whole industry is attentive to how the policies will actually affect pricing. And this will of course have an impact on the way we feel we can move forward in supporting the Korean government and healthcare industry.

What are AstraZeneca and the other research-based pharmaceutical companies asking from the Korean government in terms of policy, in a context of new cost containment measures?

First of all, I believe that it is important to realize that all research-based companies share common interests, regardless of if they are locals or multinationals. Eventually we all seek the same kind of environment which values research and innovation. What we all want is to ensure that the intellectual property for new medicines is adequately protected and that we will be able to get these innovative products to the patients who need them, allowing us to build a business around these medicines during the period of patent life. In the current context, the research-based industry in Korea requires more certainty in this regard.

What effects do you think the eventual ratification of the FTA with the US, and potential signing of a similar agreement with the EU in the near future, will have on the pharmaceutical sector in South Korea?

I believe that the impact will be very positive, clearly for the multinational companies in Korea but in the long term also for the Korean companies which will become more internationally competitive. Foreign companies like AstraZeneca will benefit from greater certainty for their investments in the country, while local players will be able to export their products and have international intellectual property protection for their innovative products.It is often said that Asia is the new hot spot for clinical trials by the leading global multinational companies.

Where does South Korea in particular fit into this picture?

In our analysis of clinical trials performance across Asia, South Korea consistently comes out on top in terms of speed and quality of its data submission. And that is just comparing phase 3 global clinical trials. Clearly I think that South Korea is a centre of excellence for running global clinical trials. Now I think it is very important to start working with Asian patients at much earlier stages of drug development, in phases 1 & 2, as well as translational science. This capacity only exists in a few Asian countries. Singapore is one that has the capability, but not the necessary capacity, while South Korea counts with both. And as Asian countries start aligning with one another in the use of patient data, as long as genetics are similar, the opportunities for South Korea are huge.

What kind of external collaborations or partnerships does AstraZeneca favour in South Korea?

Externalization is a very big part of AstraZeneca’s global strategy, as our M&A activity in recent years illustrates. So we are always keen to explore externalization opportunities, but we are also extremely targeted to ensure that our partners meet our global standards in terms of scientific quality. In South Korea, AstraZeneca has traditionally been much more active in partnering with the government and academia than with local companies, because that is where we see more cutting-edge science happening, but we are open to that possibility as well as things evolve.

On a personal note, what are your feelings as you settle into your first head of country position within AstraZeneca, in an important market and after just several years in the company?

I am very honoured to have this opportunity, which is also a big responsibility and a great challenge since we are in the midst of a defining moment for the industry in South Korea and things will be very dynamic in the coming years. So I am extremely excited to be here and to do the best job possible with my team, which has deeply impressed me since my arrival. It is also very motivating to have the chance of working closely with stakeholders like the Korean government, the medical community, universities, etc. And of course our global mission is to make a meaningful contribution to patients’ health, so I am excited about bringing the best innovative medicines to Korean patients.I think it is important to not overreact to all that we keep hearing about pricing policies, and certainly it is not constructive to oppose a government’s efforts to manage its healthcare spending. That is a global trend and completely understandable, particularly in countries with universal healthcare coverage, seeking to manage costs but also making the best medicines available to patients. As an industry and individual companies we need to look for ways to contribute in the process so that the outcome benefits both government and patients, while allowing companies to continue investing and bringing innovation to South Korea. This kind of leadership challenge is something that anyone interested in business would find very engaging and motivating.

What is your final message to the readers of Pharmaceutical Executive?

My main message is that it is not time for the industry to lose its nerves about Korea. This remains an extremely attractive market with solid fundamentals. There is indeed a certain amount of uncertainty which is inevitable as an economy and healthcare industry evolve, but we will come out of it strong. We need to be a balanced and positive participant in the process, not just as individual companies but as an industry, in order to ensure success for everyone.

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