# Interview with Fabrice Baschiera, General Manager, Sanofi Aventis South Korea

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Tags: Sanofi Aventis South Korea

You have been in S. Korea for a little over a year, following international assignments in Vietnam and Thailand. Besides the fact that this is a much bigger market, what is the major difference of the pharma industry in South Korea when compared to Southeast Asia?

First of all, I have to say that South Korea is one of the key strategic countries for Sanofi-Aventis, coming in top ten in the global ranking for the company. The situation of the pharmaceutical industry in South Korea is very different from what I experienced previously in Thailand and Vietnam, in areas like the competitive environment and market access. In many ways South Korea is more similar to advanced European markets than to developing countries in Southeast Asia. The local industry is extremely strong, with notable growth and performance of Korean companies and for those investing in R&D bringing new drugs and technologies to the market, not merely remaining as traditional generic producers. This makes the country very attractive and also quite competitive for multinational companies. In addition, South Korea’s infrastructure and the expertise of its physicians are comparable to the United States and Europe. This makes it possible to develop more early stage clinical trials in South Korea than in other countries. In terms of access to treatments, the Korean system is also very developed, giving patients the opportunity to obtain the medicines they need. Given the situation, we see that Korea has grown into a benchmark country for other nations in the region with its leadership in clinical development and bio science technologies. Moving forward, we expect to see that Korea will become a bio-medical hub for Asia

as it strives to be, which I believe will rely on fostering the business-friendly environment for foreign investment and recognizing the value for innovation.

One of the biggest issues now for the pharmaceutical industry, both local and multinational, is related to transparency and compliancy in business practices. What do you make of the industry's reaction so far?

I believe that the government's decisions which seek to improve the commercial practices in South Korea's pharmaceutical industry are very positive. Things should continue to move in the right direction and the situation is certainly better than 5 or 10 years ago. However, not all the players in the industry are moving at the same pace, and we would like to see the government and pharmaceutical companies going even faster in promoting ethical practices in the pharma business. But at least there is a strong political willingness to move forward decidedly in this regard. At Sanofi-Aventis, as a multinational company and member of KRPIA, we are drivers of this change and fully support the government's measures in this direction. In Thailand you handled the integration of Sanofi and Aventis very successfully, all while maintaining high growth momentum and gaining market share.

Here you arrive to a country where Sanofi-aventis is already well established and climbing to #1 in the ranking. In such a context, how will you measure your success at the head of Sanofi-aventis Korea?

Today Sanofi-aventis is the number one multinational pharmaceutical company in South Korea, and the objective is to maintain this leadership. But it is not only a question of ranking. It is also a matter of being an example and driving force within the industry. We aspire to lead the way in terms of changing unfair business practices, and to participate in the evolution of the healthcare and pharmaceutical sector in South Korea. In order to achieve this, Sanofi-aventis works closely with the government, associations, and our colleagues in other pharmaceutical companies, both multinational and local. Our goal is to be number one not only in terms of numbers, but also in our actions, mindset and leadership. Another of my key objectives in South Korea is to be able to bring innovation at the same time and speed here as in the United States and Europe. I believe that South Korea deserves to be in a position where patients will have early access to new drugs, but for this it is crucial for the government to increase the support to innovation and R&D efforts.

South Korea has recently been adopting cost containment policies in order to stabilize government healthcare spending, particularly the Drug Expenditure Rationalization Plan (DERP). What kind of impact is this having on Sanofi-Aventis' activities in South Korea?

South Korea is facing similar issues regarding healthcare spending and needs for cost containment as many other countries with universal coverage, particularly in Europe. To a large extent the challenges for the Korean government are the same as what other countries have already had to face, and they are trying to learn from those experiences. The problem is that South Korea is trying to accomplish, for example, in only few years a process that took 10-15 in other countries. This is making it very difficult for the industry to change and adapt adequately, and the government's need to assess very carefully the consequences of its decisions. This needs to improve by taking more into consideration the views of local medical associations and the pharmaceutical industry, in order to find a solution that helps the government reach its objectives without too strongly damaging the industry. It is often said that Asia is the new hot spot for clinical trials by the leading global MNCs.

How does South Korea fit into this broad picture, and to what extent is Sanofi-Aventis performing clinical development in the country itself?

South Korea has already become one of the most important countries in terms of clinical trials for Sanofi-Aventis worldwide. In fact, it is the company's fifth largest recipient of clinical trial investments after the United States, France, Germany and the United Kingdom. South Korea has competent physicians, good infrastructure and people with the necessary experience to drive and develop clinical trials. For the moment the focus is on Phase II & III, but the country has everything to get involved in earlier stage trials. The only thing missing is an environment which makes us more confident about the future. It is crucial to have greater predictability in terms of what is going to happen with the regulations, and pricing policy and support for innovation, in order to be able to make large investment decisions. South Korea is a strategic country for Sanofi-Aventis, but we will need more government commitment to R&D so that it remains competitive amongst other Asian players. Your counterpart in Australia, Jez Moulding, was very excited about the opportunity he had in a very short time to assess local business opportunities and make an acquisition for Sanofi-Aventis (Symbion).

How much opportunity do you see of doing the same in South Korea?

What happened in Australia can happen anywhere in the world. Sanofi-aventis is the result of over 300 mergers and acquisitions over the past 35 years, so this is part of the company's mindset and one of its key growing factors. In South Korea, we are also continuously screening the market and looking for new business development opportunities, which we believe are not only limited to the M&As but also can expand to various types of strategic alliances. As a concrete example, Sanofi-Aventis Group has recently signed an MOU with Celltrion, a Korean Biotech company, for process

development and commercial production of antibody products which to be developed within the next 5 years. This kind of strategic collaboration can be a new business model in the local bio-pharmaceutical industry, by bringing both parties with sustainable and mutual growth opportunities on a long-term basis.

What is the final message to the readers of Pharmaceutical Executive on behalf of Sanofi-Aventis Korea?

The pharmaceutical industry is part of the solution, not the problem. We need to find win-win solutions with the government, by partnering, discussing and sharing our views in order to come up with something positive and constructive. Sanofi-aventis has shown that it is capable of adapting and adjusting its way of working and thinking in different countries. We have vast experience in this area and are doing our best to share it with the local associations and the government. The key is to build a true partnership with the stakeholders, and we at sanofi-aventis are willing to collaborate with them to find the best solution for the people of Korea.

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