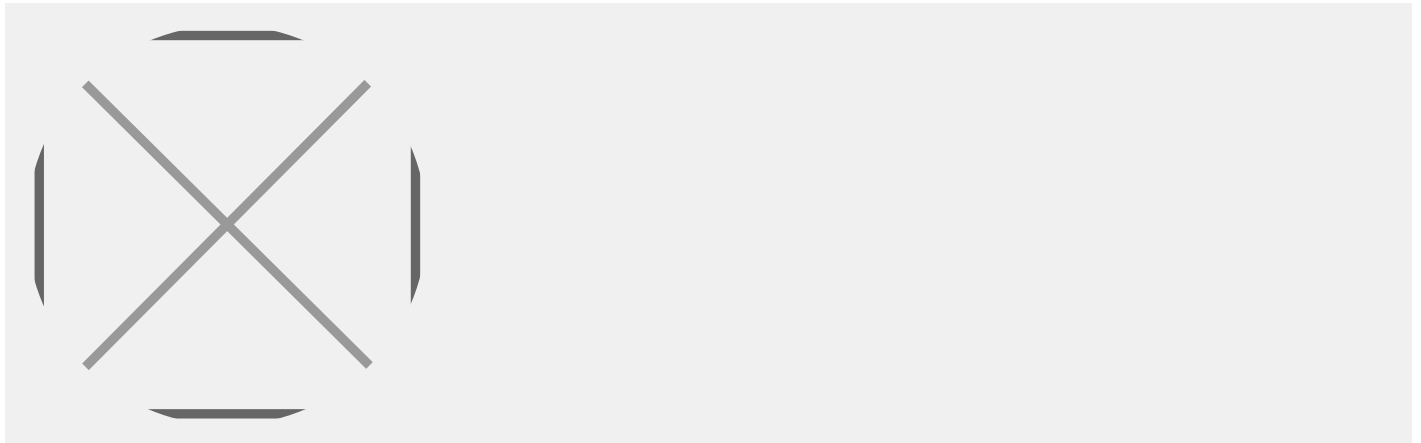


# Interview with Ahmet Goksun, President, Pfizer South Korea

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**Previous to your current position as President of Pfizer Korea since 2004, you had been in the country between 1989 and 1993 as sales and marketing director. How different are things in Korea's pharmaceutical industry 15 years since you first left it?**

South Korea has evolved dramatically over the last 15 years in almost every aspect. Looking at the pharmaceutical industry, one of the most positive changes is the increased level of transparency and focus on ethical business standards. The country has come a long way in this regard, thanks to a combination of regulator initiatives and willingness to change by the pharmaceutical industry here. Secondly, South Korea's healthcare system has made great progress over these years. In the early 1990s, the country had just introduced universal coverage and patent protection, whereas today these are facts of life. Now the standard of medical care is very high and Korean hospitals have become world-class institutions. This has significantly positive implications in terms of the way medicine is practiced and the ability to transform Korea's pharmaceutical industry into a more research-based sector. In third place, there have been important changes in the country's economy and demographics. South Korea is now a high middle income country, with approximately \$20 000 GDP per capita, and still growing with the vision to become one of the top 10 economies in the world. In addition, it has a very rapidly ageing society. All this has influenced healthcare policy and discussions related to the pharmaceutical industry. Today, the priority for Koreans is about meeting the needs of a maturing society which is demanding global standards in terms of healthcare. A big issue now for the entire industry is related to transparency and compliancy in business practices. Many companies have been condemned by the KFTC and the image of the industry has also

suffered as a result.

### **What do you make of the multinational companies' role and contribution to improve this situation?**

I believe that it is misleading to look at this through the lens of multinationals versus locals, as there have also been times when some foreign companies have not behaved up to the highest ethical standards. Overall, things have been improving and this for multiple reasons. One very important factor is simply the fact that Korea is becoming one of the leading players in the global economy, which tends to make a country more transparent. The government made a push in this regard in the early 1990s and later after the crisis in 1997, leading to the separation of prescription and dispensing activities. More recently, we now see the Korean Fair Trade Commission playing an active role in inquiring about the ethical practices in the industry. Overall, it has also been about the media and society asking for more transparent behavior, and the government responding by demanding higher standards to the industry. International research-based companies such as Pfizer also have a positive role to play in this evolution, just by the nature of our global operations and accountability to investors which require us to operate in an environment with very high ethical standards. In South Korea, we have been voicing the need for improvement in this regard and have been doing our best to practice what we preach. In doing so hopefully we are also having some impact in the evolution of this issue along the right lines. In South Korea like in other countries there is a big interest in increasing R&D investments in the pharmaceutical industry, but the products of these efforts are not always welcomed.

### **Why do you believe that the research-based pharmaceutical industry is not getting the recognition it deserves?**

I think that in Korea as elsewhere people generally understand and appreciate the value of R&D and all that the pharmaceutical industry brings. However, there is a problem due to a gap of trust that currently exists between society and the pharmaceutical industry. In order to gain broader acceptance for the industry, we are trying to create a more cooperative environment, and to be seen as a partner in finding solutions for the healthcare sector instead of a cause of the problems. This also brings us back to the issue of ethical business practices, which is why the whole industry is making efforts to behave in a manner that conveys a strong sense of responsibility. From the government's perspective, on the one hand here is a natural desire to have a vibrant research-based pharmaceutical industry, and Korea is a good example since the aim is for the economy to evolve in this regard. But on the other hand, modern society is ageing and demanding higher levels of healthcare, thereby raising the expenses in the medical field significantly. As the final payer for the healthcare expenditures in Korea, the government has to find a balance between its desire to make the pharmaceutical and bio industry an important part of the country's future development and the need to make an efficient use of its resources. At KRPIA, and internally in Pfizer, we have

many discussions and debates related to these issues in order to come up with criteria to address with the government. Basically, what we try to explain is that if a country like South Korea truly wants to be successful in developing an innovative research-based pharmaceutical industry, there are several things that should improve. First of all, there is a need for society and government to truly value innovation. Regulators can do more in terms of engaging the industry in the development of the policies for the sector, which should also be transparent and predictable. Moreover, the environment for the research-based industry in South Korea could still improve in terms of being non-discriminatory. Indeed, in today's globalized economy what should matter more is not the ownership or nationality of a company, but their actual activities, investments and contributions in a country. In addition, I passionately believe that all forms of corruption are very harmful, and to the extent that ethical business standards are improved this will encourage the research-based industry to move forward.

**What is the relative importance of South Korea within Pfizer, considering it is one of the largest emerging markets and located in the strategic Asia-Pacific region?**

South Korea is a very important and prominent member of Pfizer's operations in Asia. In terms of growth, over the last 5 years it has been comparable if not above the company's global performance. But most importantly, we have developed a vision for our business that defines what Pfizer Korea is about, and then moved energetically to realize that vision. It basically consists of Pfizer being here in Korea to help patients have healthier and happier lives, and to lead the way in a caring, corporate and responsible manner. These are the dimensions we defined to engage with our employees, stakeholders and the broader society in Korea, in order to go beyond our role of providing medicines. For example, in 2007 Pfizer signed an MOU with the Korean government in which we express our intention of investing \$300 million over the next 5 years in R&D in the country. This is, to my best knowledge, the largest investment by any foreign company in South Korea. Moreover, it was followed by subsequent initiatives like the CORE Research Site which is a consortium of leading hospitals which are conducting Phase II clinical trials. Indeed, Pfizer already has an extensive network of research alliances in Korea and we have developed strong relationships at the medical level, which are also contributing to the country's pharmaceutical industry. In 2002 Pfizer's investments in R&D in South Korea were only \$2 million, and in 2007 they reached about \$30 million. That is not only a major increase in quantitative terms, but for example some of the most trailblazing work in areas like oncology is being done in South Korea, with a heavy involvement of the local opinion leaders. This is very significant because this allows us to develop medicines that truly serve the needs of Korean patients. It is very exciting to be able to combine Pfizer's infrastructure with world-class opinion leaders in the country in order to develop medicines that address critical diseases like gastric cancer, one of the leading killers in South Korea. So it is important to note that Pfizer's presence here is much more than just sales and marketing of products; we are at a completely different level and this shows our leadership and

commitment to Korea.

**How difficult is it to convince your headquarters to allocate significant resources to South Korea in a context where other emerging Asian countries like China and India are in the industry's limelight?**

Fortunately this is not a zero sum game, so what is done in Korea is not really at the expense of other countries. This is true especially in Asia, a region which was considerably underrepresented in terms of R&D and attention for many years. Now Pfizer is dramatically revising its position in the area and putting a heavy emphasis on developing business and serving billions of patients in emerging countries. Having said this, there are many reasons why it is a simple decision to heavily invest in South Korea. People here have an incredible level of energy, can-do spirit, sense of responsibility, and pay extremely high attention to education and science. All this translates into fast completion of top quality research for Pfizer, so it is a situation where value is created both for Korea as a country and us as a company.

**What is the most motivating aspect of your experience working in South Korea, and what advice would you offer to someone recently appointed to head a multinational company in the country?**

The best part for me has been to work with Korean people. More than in any of the other countries I have worked in previously, it is very exciting and enjoyable to deal with people who are so passionate and hard-working. As for my advice to newcomers in Korea's pharmaceutical industry, it would be to have an open mind and to look at the country through the perspective of the many opportunities here rather than the difficulties.

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