# Boryung – Choi Tae-Hong, CEO – South Korea



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*Korean success story Boryung has a goal to become the number one domestic pharmaceutical company in the coming years. The company's CEO, Choi Tae-Hong, discusses this strategy and the victory that their antihypertensive product Kanarb has brought in the Korean innovation game.*

**You had a lengthy career at Janssen prior to Boryung. What were the most noticeable changes you had to make during this transition?**

When I left Janssen, I never imagined that I would eventually join a domestic company. I thought that the global business of Korean pharmaceutical companies, according to my evaluations, would be very limited due to a lack of competitive R&D or marketing capabilities. After speaking to a number of people within the industry, I realized that everyone was talking about big changes in strategic direction for domestic pharmaceutical companies. The new focus for these businesses was on the global market, as the Korean market only comprises one and a half percent of the total market. Companies that only compete in Korea struggle to grow nowadays.

The external environment has also been critical. The government has run its so-called fair competition since the late 1990s, but since 2007 there has been much more pressure. Then the drastic price cuts in 2012 really changed the way Korean companies were managed. These businesses would never have survived if they had maintained the same business model.

I had the opportunity to meet the chairman and founder of Boryung, and I was very impressed by his own aspiration and ambition, particularly with the development of the antihypertensive drug

Kanarb. Even more impressive was the fact that he started the Kanarb project when he was already 66 years old, in 1998, and then launched the drug in Korea in 2011. His vision was clear: to make Boryung the best Korean pharmaceutical company, and to pursue a global market strategy. For me, that was the strongest motivation to join Boryung. Compared to Janssen, the company is markedly different but Boryung's vision for research and innovation is so determined and enthusiastic, that it is comparable to a multinational. As such, I was able to leverage my own experiences and capabilities to align with the goals of this Korean company.

**How have the first few months been for you?**

I have been actively listening to my employees and learning the culture of this company while simultaneously identifying its strengths and weaknesses. This will help me in my goal to make Boryung the best company in Korea and to pursue a global market. Rather than trying to change this organization, I have sought to understand the structure of Boryung and set my own strategic plan of action.

**Boryung already has a global presence with partners located across all six continents. How will you expand upon this network even further?**

Since I joined this company, our immediate strategic goal was to introduce Kanarb as a new medicine to the entire world. By the time I arrived, Boryung had already established agreements with major emerging countries like Russia, Brazil, Mexico and 13 other Latin American countries. My immediate focus was China, and in January 2014 we signed a contract with an excellent Chinese company to market Kanarb. My focus since the end of last year has also included the US, Japan and Europe although I also expect minor business in Southeast Asia, Middle East & North Africa, and CIS. I expect to expand our presence with this new product throughout the entire world by 2015 or 2016.

**Will you apply for Kanarb's approval from the FDA or EMA?**

At this point, I am looking for potential partners to license out Kanarb, and the product's business model is largely focused on outlicensing. Nevertheless, we are preparing to support my partners in terms of marketing much more actively. For example, in Mexico, our partner Stendhal launched its own version of Kanarb (Arahkor) in September 2014, and Boryung's marketing and global teams are in close contact with Stendhal's marketing group.

**Hypertension has a huge market, and to have potential presence in the US or Japan would certainly open more doors for you. What is so innovative about Kanarb that**

**would allow you to succeed in these regions?**

Kanarb is an angiotensin receptor blocker (ARB), which is the most prolific category among all antihypertensive drugs. In total, there are nine different molecules in this category and Kanarb is ranked eighth. ARBs are certainly a very competitive market, developed by most major multinationals such as Novartis, Boehringer Ingelheim, Daiichi Sankyo or Takeda; all of their products are sold in the Korean market. Even though Kanarb is ranked eighth, we have recently been able to generate very promising data to differentiate Kanarb from other ARBs. In terms of efficacy, Kanarb has strong clinical data which has shown significantly superior effectiveness in lowering blood pressure as well as rapid onset of action. In terms of its safety profile, Kanarb has shown to be very comparable to other ARBs. This strong data has given us the opportunity to go further and further with this product. In the case of China, my colleagues had tried to sell Kanarb there three years ago, but their potential partner was reluctant to accept the deal. In 2013, we changed our partner's mind with this new set of data, and the product is now sold there. Given this new arsenal of data, we will pursue the mature markets of the US, Europe and Japan.

**What potential would sales in the mature markets bring in terms of investing even more in innovation?**

While I ambitiously try to pursue all these advanced countries, on the practical side I also focus on major emerging markets as a reality for investment. Multinationals are always talking about pharmerging markets to boost growth, especially China. While I continue looking at the US, Europe and Japan as dream countries with big price tags and large, competitive markets, I insist on maintaining a global perspective that focuses on emerging markets. This demographic currently represents 25 percent of the global market and will represent 30 percent by 2020, and is my first investment priority. At the same time, the US, Japan and Europe could be a second priority target. Even though I have the relevant data, I know that to compete against multinationals in the advanced market we need to invest a lot more. In that sense, I need to gain greater capital here and then go over there. Of course, I do not give up on finding the right strategic partner in this market.

**Does Boryung represent the ideal model for innovation and internationalization in Korea?**

For the next five years I want my people to strongly believe that Boryung is among the top Korean companies. This is a strategic goal that we are achieving step by step, not a dream. I communicate to my people my belief that Boryung is the number one Korean pharmaceutical company for R&

capability, and then ask them if they share the same belief. They always respond affirmatively; Boryung is the only domestic company that has developed a drug from start to finish, including outlicensing. Of course, other companies have developed new chemical entities (NCEs). But in terms of experience Boryung is different. From discovery and development to product launch and internationalization, Boryung has experiences that other companies cannot imitate. In terms of marketing, I keep saying that Dong-A, Hanmi and Yuhan are no longer our competitors. Given Kanarb's competitiveness, multinationals are our new competitors. Korea is even tougher than other domestic markets; Yuhan has partnered with Boehringer Ingelheim, Daewoong with Daiichi Sankyo, and Handok with Sanofi as a few examples. But Boryung goes alone and as such has been the number one prescribing company since February 2014. If you go abroad now, the market situation is the same. I think that Korean physicians are not prescribing Kanarb just because it is a Korean company. If you look at other NCEs, no other product could become number one, even in the Korean market since it was launched. Korean doctors recognize the safety profile and efficacy of Kanarb when prescribing. That is why our people now have built up their own confidence and pride.

**Could Boryung become a top 50 company in the future, according to KHIDI's goals?**

It is still very challenging objective to make a Korean pharmaceutical company to the top 50. Our own strategic objective is not to make Boryung a top 50 company in terms of sales size, but rather to make Boryung the best company in Korea in terms of marketing and R&D capability. My dream is for Boryung to be at least number one in Korea. I do not know what the company's rank in 2020 will be globally, but that is not so important as long as we achieve our strategic goal year by year.

**What would you like to have achieved by 2020?**

We have criteria to evaluate ourselves. This year, we developed our own five-year plan, in which Kanarb and its combination preparation are the paramount components, not only in terms of sales revenue but also our own R&D investment. This is because Boryung is developing combinations of Kanarb for diabetic products. We will have between five to ten such projects in which I will continually invest. From sales revenue of the Kanarb brand, I expect $300-500 million from domestic and international markets by 2019. Achieving such a size would be a historical first for the Korean pharmaceutical industry. We are also trying to develop a second NCE from the potential candidates of antihypertensive molecules. We also have a few products in the oncology franchise, one of which is being developed with the National Cancer Center. I expect we would be able to introduce two or three new products with them. Additionally, I hope everybody recognizes Boryung's marketing capability, not only domestically but internationally as well.

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