Tom Roberts – President & Managing Director, UCB Korea



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Tom Roberts came to UCB Korea following a position at the company's Japanese affiliate in late 2011. He describes the market conditions for UCB's specialty products and emphasizes the importance of valuing innovation above cost in Korea.

What have been the most notable differences between the market situations in Japan and Korea?

Korea has a very active and dynamic pharmaceutical market, full of many bright players. It is of course much smaller than that of the Japanese market, which is older and well organized. However, there is a level of intellectual capacity and sophistication that I find very engaging. The industry I populated with younger people than in Japan, many of whom are extremely well-educated. I have also been very impressed the willingness to drive themselves to be the best here.

Do you find that Korean people really embrace the pharmaceutical market?

Generally speaking, Koreans really want to win and be number one in everything, rather than being perceived as the little brother of China or Japan. Innovation is consequently integrated into their structure. However, there is a disconnect between what the Korean pharmaceutical industry wants to do and what the Korean government wants to do. Korea's Pharma Vision 2020 aims to make the

country a top seven player within a very small amount of time, but price controls make it almost impossible for some companies to stay in business.

For example, two of UCB's mainline products developed in the last few years were launched in Korea with non-reimbursed status because we could not get the necessary price. The price that the government suggested was less than nine percent of the US price, preventing us from selling the product sustainably. Of course it has been difficult for patients to pay, but physicians and patients alike see the value in these products. In a couple of years over 1500 patients paid the monthly fee to access these products, which is a testament to the value of new entities coming into the market.

What was the differential in price between what the government suggested and what UCB was willing to sell?

The difference was quite low; but we could not make that final leap because it would have taken us into an unprofitable situation. That is a big issue. I am worried that multinationals, who can teach people here about the innovation process, will slowly either withdraw or transform their business into cash cow enterprises and sell old products. There are many companies with great products in the pipeline that may not be able to launch due to the current pricing situation.

Korea is a modern, fully developed country that is rivaled in size many European countries. The pricing situation, combined with a 44 percent OECD pricing average, is not conducive to this 2020 Vision.

Yet 1,500 patients were willing to pay full price; is that consistent across the board for specialty products?

This is probably not the case. Patients and physicians run out of options with the products available in the market, and doctors then suggest a treatment like that of UCB, which is slowly focusing solely on severe chronic diseases. Despite the costs, patients usually give it a try, and the majority stay on the product for six months, at which point the economic burden becomes too much.

How do you think Koreans perceive these types of diseases?

As an example, the stigma in the US towards epilepsy over the last 20 years has dramatically improved for patients, partly due to changes in discriminatory practices of employers. That has a bleed over effect into a country like Korea, which benchmarks the US for many things. But there is also a very strong cultural influence similar to that of Japan and China, in that having epilepsy can be seen as a point of shame. It is worse the aforementioned countries than it is in Korea, but the stigma still exists. Regardless of laws, you can lose certain jobs for having seizures. Therefore

people never talk about it.

What efforts have you made to change this circumstance in Korea, and how has the government responded?

For highly stigmatized diseases like epilepsy things are improving. Some of that is lead by industry,. Korean physicians themselves are doing a much better job; UCB Korea has many programs, particularly in epilepsy, where we get patients to talk to other patients. Some of these individuals have gone decades without speaking to a fellow patient. Once the connection points are made, , with the help of social media people speak out more frequently about better therapy options. Some patients have been on an outdated and very strong sedative called Phenobarbital, which can really impact life quality. While seizure frequency remains the same, switching to a newer medication improves patients' lives drastically. The Korean government only recognizes something like seizure frequency being a benchmark, and they are slowly trying to pull people out of their shell regarding highly stigmatized diseases with physicians.

How actively does UCB Korea engage in clinical trials?

Most of UCB's products promoted today have either had a trial done here or Korean patients were involved in a regional trial for the product. The government does appreciate this, especially considering the Chinese and Japanese sometimes admit that the Korean clinical trial system is superior to their own. Korea has succeeded in modernizing its clinical research infrastructure to the point of attracting foreign companies. Unfortunately the business side often takes over, and where you can succeed in business is where you want to do your trials. UCB has made no major changes in its clinical trial structure in Korea, but many companies are considering it because of profitability issues. The trial system is really good here, on par with some of the best in the world.

Given UCB's limited structure in Asia, could Korea become even more important for clinical trials?

UCB takes a regional approach to Asian countries, which will not change. I believe that for every product that is released, either Korean people or Korean trial sites will be involved. The issue UCB faces is that our focus is on smaller patient populations.

How important are local partnerships in terms of licensing-in or co-marketing agreements?

UCB Korea is more involved with local promotional partnerships and commercialization. We currently do not have a strategic partnership for any of our newer products at this time, although

that may change. Our present partnerships are focused on our established brands portfolio. UCB Korea's main partner is one of the biggest local companies, who promote many of our products. We also have two smaller partnerships with some companies primarily engaged in cardiovascular drugs.

How would you define success for this affiliate by 2020?

I believe it's possible that multinationals' pricing policies on one end and government prices at another will slowly converge. I would love to see multinational companies taking a more regional approach in pricing, where price sensitivity across markets is not quite as much as it is now. The main thing they are worried about is price-benchmarking in countries with higher prices. That will happen at some point. I want the government's approach to allow good products to come in at a price closer to other developed nations. We do not need to be that much closer; for UCB's two non-reimbursed products, we are just a fraction away from being able to launch them in a reimbursed status. But we have not been able to bridge that small gap. The patients that could be served by just these two products t are in the tens of thousands. I want my people that work here to have access to the same products that the rest of the world does, but in 2020 they still might be using old products. I hope that comes together a bit more. UCB is bringing to market some really innovative products and I think for a couple of those we may have an easier chance than we have for the past couple of products. Regardless, the government is going to have to show some leeway.

Will there be a breaking point in which this paradox of government stifling innovation versus its own desire to promulgate innovation is no longer sustainable?

Patients here are getting a bigger voice and I think for many years, patients and the general public have believed in the idea that Korea has free healthcare. Patients are getting savvier about that, and they realize that in groups they can make a louder noise to the government. At some point, Korean people must collectively create a stronger voice and demand newer therapies that are available in equally developed countries. Perhaps over the next ten years, the public will be able to do this and the government will listen.

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