

Interview: Daniel Lucas - Managing Director, Lilly

Turkey



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A recent arrival from China, Lilly's Turkey MD Daniel Lucas assesses the country

's healthcare system and raises key questions about the sustainability of the system at large going forward, and the authorities' approach to reform.

You came to Turkey in October after more than four years in China. What is your impression of the Turkish business environment, and how have you had to adapt your own business still to fit this new environment?

Looking at the healthcare environment here, there has been a lot of development of health systems and infrastructure over the last ten years. Turkey more or less has universal healthcare coverage, which is very different from other emerging markets like China, for example. From that perspective, it is quite a big change for me.

Overall, the quality of healthcare is good and this is great for the people. However, look at the future, there are some real sustainability issues in Turkey. The Turkish population is very young, and as they grow older, demand will grow rapidly, and without substantial increases investment in healthcare the supply will not meet the demand. Furthermore, the prevalence of chronic diseases is relatively high, for instance diabetes at about 14 percent, and continues to grow quickly.

So, when we think about Turkey and the system we have in place today, we must also think about its sustainability. I think that significant transformations and reforms will be necessary for Turkey to

really be able to provide continuous healthcare to the population, and that includes allowing greater access for innovative medicines. Implementing the needed changes will require increased investment in healthcare, which also means increased budgets.

Lilly is a global leader in diabetes, neuroscience, men's health, osteoporosis and oncology; yet, Turkey is a unique market. What have been some of the milestones for Lilly Turkey over the last three years?

The Turkish affiliate has done a very good job over the last few years. Usually, when we look at performance, we hope to see a positive business outcome as well as a positive outcome for patients. Lilly Turkey has had very high levels of employee engagement over the last few years, as they feel empowered and we have a very open communication here, which I think is very important. The thing I noticed most about the people here is the quality and professionalism of our staff. I'm amazed at the external awards, in HR, Ethics & Compliance, HSE and Corporate Responsibility, Lilly Turkey has achieved, and it's because of the people here in Turkey.

Looking at Turkey, our portfolio here is very similar to our portfolios in other markets. We have significant presence in oncology, diabetes and biomedicine ranging from CNS products to osteoporosis. Diabetes medicines are becoming very important here in Turkey, and for us it is a critical area of focus. We are putting a lot of effort into diabetes awareness campaigns, education of both doctors and patients, and of course commercialisation of our insulin portfolio. To properly address the massive diabetes prevalence here in Turkey, it will be necessary to provide a full range of solutions from medication and treatments to better diagnosis, and of course education.

Bringing innovation into Turkey has been the biggest challenge we are facing right now. No two patients are the same, and existing solutions that may work well for one patient are not nearly as effective for others; this is where we can see the real value of innovative medicines, which are greatly needed in Turkey. If you look at the products introduced in Turkey compared to other countries over the last few years, you will see some clear gaps. One of the biggest reasons for this is that since 2009, a Turkish GMP certificate is required prior to an application for marketing approval, which requires an onsite inspection and thus has significantly delayed the registration process. Of course, pricing and reimbursement are, and likely will continue to be challenges that we face going forward.

Pricing is a particularly important topic in Turkey as the country is a crossroads between multiple regions, making parallel trade and reference pricing feedback potentially significant issues. We really need to think about our current model, and how innovation can be introduced into Turkey,

especially in diabetes. We need to find a long-term solution that incorporates innovation, diagnosis, awareness, education, and funding.

One of the most recent developments in this area is the SGK has been inviting proposals for alternative reimbursement models, and some people are pushing for value-based pricing models to push the consciousness of the reimbursement system towards an investment mindset. What is your involvement in this discussion so far?

This announcement was very recent. In my opinion, alternative reimbursement models should be a good way to develop specific pricing mechanisms for products that target small patient populations; orphan drugs and some niche products would be the most logical product categories, as you cannot apply the same rules to these drugs as a normal RX product. I would also say that one of the rules when developing such models is that, their purpose should be about making a treatment available for patients who need it.

More importantly, while alternative reimbursement models can play an important role with new drugs, the current standard pricing system already has significant issues. So while this may be a step for introducing certain types of new innovative products, there is also a need to fix the existing system otherwise we may start to see some relatively innovative drugs disappearing of the market in Turkey.

Our goal is to help patients who need drugs and innovative treatments. If there is a patient in Turkey who needs an innovative drug for diabetes, and we have that drug, the most important thing is for us to make that drug available for that patient.

What role does Lilly Turkey play in the MENA and CIS regions for Lilly?

Compared to any other country within the region, Turkey has a large volume due to its high population. However, when it comes to growth, Turkey is more stable than the other countries in the area. The key question is what will happen to the Turkish market over the next few years. Are we going to be on a path to suitable growth, or we will see more turbulence in this market? Turkey needs to prove that new products and innovation can be made available at a reasonable price. This is an important task for Turkey, and I think that all the pharma companies, including Lilly, will do everything we can to help.

What is Lilly's clinical trials footprint in Turkey, and what opportunities are there for you to collaborate with academic institutions?

We currently have seven clinical trials happening in Turkey, seven in phase III and one in phase II. Since 1998, we have had more than 3,500 patients involved in clinical trials in Turkey, so there is a long history and a strong capability in Turkey for conducting clinical trials, which for us is very important. How we see Turkey running clinical trials goes back to two things: the capabilities of Turkey and the relevance of Turkey in the global pharmaceutical environment.

The Turkish government is strongly promoting pharma investment under their Vision 2023 goals. Does Lilly find Turkey to be an attractive investment environment at present?

We are constantly evaluating investment in countries around the world, and the first thing we look for is the right environment in which to invest. Investment is a very long-term commitment that requires a huge amount of capital. There is a lot of opportunity for Turkey moving forward, but there are also some uncertainties. If we look at the pharmaceutical industry and pricing over the last five years, the situation raises a lot of questions. The fundamental drivers for growth are here, and as Lilly Turkey is clearly a very important market for us going forward, we would also need to see some clear and transparent signals that this is the right place to invest.

At the moment, we are trying to develop a roadmap for the next few years and we are evaluating the potential to do so moving forward.

Looking forward, what is your vision for Lilly Turkey in the coming three to five years?

There are two main things we will be focusing on: bringing innovation to Turkey and to making it available to patients. If we don't do this, we will not be accomplishing our mission. Our aim is to make sure that we can help people to make life better with our drugs. My number one priority is to do my best to make sure these new and innovative drugs are available to Turkish patients nationwide. My second priority will be ways to operate better, and to ensure that Lilly is recognized as a great partner in making the customer experience a valuable one, and as a company operating with the highest level of integrity.

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