

Interview: Claire Roger - General Manager, GSK

Hungary



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GSK Hungary's Claire Roger discusses the value of ethical promotion both in improving transparency and benefiting all stakeholders. She further describes the strategic role and economic impact of GSK's vaccine plant in Gödöllő and growth opportunities in HIV.

Given that you've only recently arrived in May 2015, Claire, what priorities have been at the top of your agenda since stepping in as general manager?

In the first couple months on the job, especially coming in as a foreigner, I spent a significant amount of time trying to meet with as much people as I could, both internally and externally, and asking as many questions as possible to establish a good understanding of Hungary's healthcare system, the current operating environment for the industry, and GSK's own profile within the country.

My next focus was on the people agenda. This goes without saying, but the differences between Hungary and Australia, where I had spent several years in my previous role with GSK, span far and wide. The cultures, in particular, are extremely different. So, for me, it was about finding ways to adapt my personal style so that it could work for both the Hungarian culture and GSK. This meant identifying the best ways to engage my colleagues and clearly defining my expectations about performance for the affiliate, in line with GSK standards. I've found that it's particularly important

in Hungary to create mechanisms that allow people to feel comfortable and trusting, and in turn, more inclined to bring up any questions, comments or concerns when necessary. So, that certainly took me a couple of months to find the right balance.

We see that globally, Sir Andrew Witty has made significant strides in diversifying the organization and pushing a more balanced portfolio across all three business segments. How has that mindset translated to the emphasis that GSK places on each of its business segments here in Hungary?

Although much smaller in scale, it absolutely translates to the local level—both across each business segment and within. When I look at the portfolio for our pharmaceuticals division over the last five years, we have pushed that diversification agenda forward. At this point, GSK Hungary is not completely relying on any one product in particular. Compared to the rest of GSK, we might even be a little further ahead in cushioning the decline of Advair/Seretide sales, a product that had been our number one best seller before it went off patent. Especially within such a competitive generic environment in CEE, we've already rebalanced our portfolio with vaccines and several respiratory products, but also antibiotics, HIV and urology. We've gotten to a point where even if something adverse happens in one of our therapy areas, it can never affect a significant portion of our business and undermine the sustainability of our presence in Hungary.

In a highly competitive environment where every single player is seemingly vying for a piece of the market, what therapeutic segments will you focus on developing to generate new sources of growth and value-creation?

As it stands, our core therapy areas are respiratory and vaccines, with also a strong presence in urology and antibiotics.

The highest growth prospects, however, are actually currently coming from the HIV segment, further driven by the two new drugs we launched in this area last year. HIV treatment is still very concentrated in this country with only a few centres managing all patients. The biggest challenge in Hungary is that HIV still has somewhat of a stigma, stopping people from considering screening—contributing to what experts believe is a fairly high number of undiagnosed patients. Given the high quality of the HIV treatments reimbursed by the Hungarian system, I really hope that as a company, we can contribute to ensuring every Hungarian patient understands the scientific progress in this area and receives the right treatment for them at the right time.

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Looking more into the company's commercial footprint, some have considered Hungary among the most restrictive pharmaceutical markets in Europe. With that said, have you been able to offer the same level of treatment options across GSK's innovative portfolio as in other European countries?

I would assume you are referring to commercial restrictions due to pricing. Under the reimbursement law in Hungary, we are required to submit reimbursement requests for new products at the lowest price levels in Europe. So commercially, our margins will be of course lower than in some other European countries. However, GSK as a company is very focused on providing access to innovative medicines to patients, and our 4 product launches in the past 18 months in Hungary demonstrate this commitment.

In terms of "restrictions", one of the things we are monitoring carefully is the willingness of the government to continue to welcome innovation, and to optimize the healthcare budget to ensure there is room for this innovation. For instance, there has been recently a large wave of products reimbursement submissions, in particular in oncology that have been delayed, or rejected by the authorities. The pressures on healthcare budget exist in most countries, this is not specific to Hungary, but it will be critical for the Hungarian government to find mechanisms to provide timely access to new scientific advances, for the sake of Hungarian patients.

Compared to the rest of the industry, how does GSK truly differentiate its approach to communicating and interacting with members of the medical community?

Over the last few years, the Hungarian pharmaceutical industry has worked hard on increasing transparency—driven by both the industry and the government—which is also a trend we see worldwide. At GSK, ethical promotion has been one of our top priorities for a long time. As of the beginning of this year, GSK worldwide has decided to stop paying doctors and other healthcare practitioners for speaking on behalf of the company. One of our concerns is the industry being seen as potentially influencing the prescribing habits of doctors, and we would like to distance ourselves from such a practice.

We continue of course to support the medical profession through independent medical education and providing donations and grants to universities or professional organizations; but we are not giving money to individual doctors for promotional activities. Essentially we're now positioning ourselves at arms length, whilst independently supporting our customers in the best way possible.

Certainly, it will require the use of many other channels, including digital channels to ensure continued success of our commercialization model. We for instance frequently utilize our own in-

house doctors to present GSK's data, and have received a lot of positive feedback so far praising our emphasis on ethical promotion and transparency.

People can feel confident in knowing that medics promoting our products are communicating messages directly from GSK—so we can't be seen as having indirectly influenced external opinion leaders in anyway. Simply put, under this new level of transparency, what you see is what you get. This initiative is working well so far, and we look forward to continuing it in the future.

Almost a decade ago now, the company demonstrated its commitment to Hungary beyond just commercial prospects with a EUR 130 million investment in the Gödöllő vaccine plant. What role has this facility played in vaccine development here in Hungary, as well as globally?

Beyond just Hungary, this manufacturing site looks after the first production stages of several vaccine strains worldwide—in particular diphtheria and tetanus. It's equipped with extremely hi-tech equipment, and most of what comes out of this facility goes on to secondary manufacturing sites in places like Belgium or Singapore. Gödöllő is only the first step in a very extensive process that can sometimes take over two years to produce a vaccine.

For GSK, it's an extremely strategic asset. Several years ago, we signed a strategic partnership with the government, based on both this manufacturing site and our commercial operations. We are constantly in discussion about how we can invest further in that site and its overall importance for Hungary. Traditionally, the majority of manufacturing in the country has been in the automotive sector, and subsequently accompanied by largely low-skill jobs. Our manufacturing operations in Gödöllő, based on biochemistry and highly technical processes, yield much higher skilled work. As such, our plant has been widely recognized for the opportunities it has created for Hungary—particularly in terms of economic development and skills transfer.

Currently, there are 220 employees in Gödöllő and we're constantly evaluating new investment opportunities to further optimize synergies. We actually just recently closed a big project where we brought in and integrated new technologies from Singapore, with production now just coming into its early stages of operation. And internally, we're considering another large potential investment phase, which will hopefully be approved later this year and lead to even more jobs creation.

The fact that this manufacturing site produces vaccines is an important element. The Hungarian government has in place a comprehensive vaccination program for children covering multiple strains, and we're working closely with public stakeholders to continuously modernize the vaccination schedule. There's obviously been a worldwide movement to lower healthcare

expenditures, but I think most governments, including the Hungarian government, have recognized the value of effective vaccination programs—specifically in terms of preventing diseases and added cost pressures further down the line.

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In addition to your current role as general manager, you ‘ve also had a relatively unique vantage point sitting on the board of AIPM. What type of insights has this given you?

I was actually only elected in December 2015, so I am a fairly new member of the board. It has really given me the ability to better understand the main concerns facing the industry and actually have a direct hand in tackling these challenges. My first year was dedicated understanding GSK in Hungary, as well as the country itself, but now it’s also about working as a collective to see how we can influence and ultimately improve upon the current healthcare situation.

One our primary initiatives at the moment is to continue to raise healthcare as a critical topic with the government. You need healthy workers to have a healthy economy. Currently there are two major issues in the nation’s healthcare system. First, the hospital structure is quite inefficient and significantly underfinanced. Second, the salaries of healthcare professionals are comparatively low to EU standards, forcing many of them to leave the country in search of higher wages and better working conditions. These are not necessarily problems specific to Hungary, but ones that are putting serious strains on the Hungarian system. It does seem as if very recently, the government is starting to place a greater emphasis on improving the conditions in healthcare and the overall satisfaction of health workers to reverse current trends. The new fiscal budget has announced a potential increase in not only salaries for healthcare workers, but also the pharmaceutical budget—the first time in several years—and although still quite limited, I believe this is a positive step in the right direction. A lot of work remains though.

What objectives will you dedicate your efforts to achieving in the next three to five years?

For me it’s always a balance between short-term and long-term objectives. Of course, one of them is to deliver a strong business and making sure the performance is there. However, beyond just numbers, when we have new drugs available, I’m primarily concerned with making doctors and patients aware of them to ensure that as many people are able to enjoy the benefits of our innovations as possible.

But in a slightly mid to long-term horizon, my priorities will be dedicated to establishing the sustainability of our business in Hungary. If after my time as general manager, the affiliate

experiences substantial decline then I would not consider that success. And preventing this entails different things: building a solid portfolio strategy to make sure that if a negative event happens in one area then the other ones can compensate, and making sure our people are adequately trained and equipped with the proper tools and skillsets to handle any type of situation moving forward.

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