Interview: Rajkumar Narayanan – SVP & President, Asia Pacific, Allergan, Singapore



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Dublin-based Allergan has undergone many changes recently, with the acquisition by Actavis, the failed merger with Pfizer, and the divestiture of the generics business to Teva. The company's SVP and President of Asia Pacific, Rajkumar Narayanan, speaks about the bold new Allergan that has emerged following these events and details their plans to capitalize on the potential in medical aesthetics, with China and Japan at the forefront.

It's been a rather eventful time for Allergan these past two years since you started this role. After all the dust has settled, where does Asia Pacific stand in terms of strategic importance?

Right in the heart and center of our strategic direction. We've branded ourselves as growth pharma, and clearly Asia Pacific is one of the regions driving that growth. Globally, we aspire to grow double-digits, which would put us well above our peer group. In Asia Pacific, we're aiming to do much better than that—and we have the opportunities with our markets and our portfolio to actually deliver on those ambitions.

Allergan is still quite underrepresented in this region; that in and of itself is an opportunity. If you look at Big Pharma, they typically tend to have larger businesses in China and Japan. For legacy reasons, we're not as present in those markets. But, you can anticipate an acceleration of investments, and therefore growth, coming from these two markets in particular from this point

forward.

Allergan has recently set the industry's sights on a new buzzword, "growth pharma." How would you describe the essence of this model and how does it translate into the overarching strategies currently driving the company's Asia Pacific business?

Growth pharma essentially reflects a desire to grow faster than the industry.

There are five facets to growth pharma

Strong top line growth – growing faster than our peers

Customer intimacy

Open Science R&D

Operational Excellence

Category Leadership.

We aspire to excel and lead the industry in all of these.

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Since taking over the helm, Allergan's CEO Brent Saunders has made significant efforts in rallying the company behind one word: BOLD. From your perspective, what exactly does it mean for a pharmaceutical company to be BOLD?

This concept of BOLD entails several tenets.

First, we want to build bridges, and that's about collaboration, listening to customers, understanding their needs and wants, and bringing those ideas back in-house to figure out how to a deliver solutions to them. Building bridges also applies internally as well—creating a strong team and collaborative working culture.

And then it's about acting fast. Healthcare is rapidly evolving, and therefore we have a desire to be action oriented and act quickly—a value that we want to embody and really drive down. Allergan has always been known as a fast-mover. We hate bureaucracy and strive to avoid the common pitfalls of Big Pharma. You'll see in our organizational structure—we're very lean and the bias is always on action.

The third is powering new ideas. In the context of healthcare today, how dynamic it is, and the changes that are coming in from the outside—whether it's in the form of regulations, payers, etc.—this industry is going through a lot of change. We want to be leaders of that change and on the forefront of new ideas and concepts, rather than on the sidelines reacting and responding to change. In order to do that, you have to think outside the box—bringing in the element of innovation that again drives us.

The last one is delivering results. Every one of our actions is focused on delivering results. We're obviously in the healthcare space, so we want to improve patients' lives and make sure we're serving our customers, in addition to our encompassing stakeholders.

How does Allergan's touted "Open Science" platform effectively challenge traditional R&D and better position the company to accommodate patient needs and tackle the region's growing disease burden?

We are not a company that only keeps discovery and development activities in-house, neither are we a company that says we only go externally. And in the industry, there are certainly examples of both extremes. Many companies in our industry who have historically only relied only on their internal discovery and development efforts are struggling to innovate and grow. There's also the other scenario where companies only rely on acquisitions to drive their growth opportunities also quickly running out of steam and demonstrating that completely overturning the traditional pharma model this way is not the way to build and run a pharmaceutical company.

Allergan, on the other hand, has strong capabilities in-house. Through those capabilities we've had great assets coming through. But equally, we have the humility to recognize that sometimes great ideas come from outside—whether that's in the form of other biotech companies, academia, or startups. So we combine the best of both worlds, culminating in the extremely robust pipeline that you see today. We certainly don't accept the mantra that anything made at home is better than the outside, nor are we diminishing what we do internally. What we are saying is in terms of basic science, there are many ideas that we can source externally—and we shouldn't be afraid to rely on that.

In the last 12 months alone there have been a number of innovations that we've brought in house from the outside. In the field of medical aesthetics for instance, we have acquired a company called Kythera that makes a product for the treatment of submental fat. We also acquired a company that manufactures Earfold, a treatment to correct protruding ears in children and adults in a minimally invasive way, while also complementing our portfolio with a business called

Topokine, which makes a product for fat under the eyes.

In ophthalmology, we've acquired a whole new glaucoma treatment called Xen, as well as a novel solution for dry eyes and more recently a technology for extended drug release for treatment of glaucoma.

In CNS, we have acquired very innovative compounds for treatment of depression and migraine. If successful, these compounds can potentially revolutionize existing treatment therapies for these disorders.

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These are all examples of truly breakthrough innovations that we've obtained through our open science platform. At the same time, however, there have been a lot of products in our internal pipeline getting approved as well.

Which countries are currently occupying the bulk of your attention?

For us it's about maximizing the opportunity that we have in markets such as China and Japan where we are currently under-represented. ,

But of course we're aware that markets like Indonesia represent good future opportunities. The country is probably what China was several decades ago. And people who make the investments now are the ones that will be able to reap in success when it starts to mature maybe 10 or 20 years down the line.

Clearly, there are a lot of opportunities. But, for us it's more about how we filter our focus on the biggest opportunities and maximize potential.

What would you identify as the growth drivers with the best prospects?

The global market for medical aesthetics is going to double in the next five years, a lot of which will stem from Asia Pacific, and more specifically China and to some extent Japan. While these two countries are more virgin opportunities because of low penetration rates, there are substantial market expansion opportunities in developed markets such as Australia or Korea where we can do more to drive further growth. These types of markets might be more prime for activities that can get more consumers interested in these treatments.

What would you say are some of the biggest trends in consumer behavior that are most relevant to the way Allergan has gone about approaching and conducting business in

this region?

Understanding consumer trends are very important for us, especially for our medical aesthetics business. We've invested a lot of time and resource to understand how consumers perceive beauty. Even the very definition of what beauty means and entails differs vastly across various populations. In some cultures, it's about being subtle, and in others, visible. With Asian markets, it's much more about transformation and correction of facial features. That being said, however, the most common aspiration as people get older is the ability to age naturally and maintain their confidence. There's a widespread recognition that the current lotions and creams offered on the market today aren't sufficient. Surgical treatments, on the other hand, while more effective, come with their own issues, being more invasive, expensive and involving a significant downtime. This creates a unique and exciting opportunity for companies like Allergan with our injectable portfolio of products that can deliver the results that consumers are looking for.

What is the plan of action to grow the company's presence in the other therapeutic areas?

Allergan's biggest franchises in Asia Pacific are Medical Aesthetics and Ophthalmology, however globally we are present in 7 different therapeutic areas with leadership positions in many of these.
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And we are looking at all of those opportunities. We're starting from a place where we will have to build up our portfolio in many of these areas. This will take time. Country-specific clinical trials are required in markets like China, Japan, and even in many other markets such as Korea, Taiwan, and India. The barriers are getting higher and higher. We want to maximize our opportunities and do it in a smart way. We recognize that we can't do everything, and if we try to do everything we'll end up doing nothing. One of our strengths is in staying focused and that's how we will approach this area as well.
The bias is on action. We have a prioritized portfolio of products and compounds for development in China, Japan and other markets in the region that covers several therapeutic areas. For instance, we will enter Medical Dermatology and GI in Australia next year.

Spanning the three primary considerations encompassing market access—regulatory, pricing, and infrastructure—which element serves the most cause for concern when it comes to developing markets in Asia Pacific? And how can companies better mitigate this risk?

In terms of market access, it really just comes down to how differentiated your technology is, the fair price at which you can obtain for your innovation, and then the regulatory probability of success. Underlying these factors is the relevance of the technology to the market and the ability to demonstrate your pharmacoeconomic value through data and studies.

In Asian markets, however, there are significant cash pay opportunities as well. When we look at building out our innovative portfolio in China, for example, there are many times where we assess the cash pay opportunities, as sometimes they have large enough of an incentive for us to move forward. When you look at a market like India, there are no reimbursements—it's all cash pay. While reimbursement and pricing are very important, what makes our business very attractive is the fact that our aesthetics business is cash pay and not constrained by pricing. Additionally, when it comes to pure innovation, there are several markets within this region where private pay becomes an attractive option.

Having spent over 21 years with Allergan now, what you pinpoint as your biggest learnings?

With my work experiences across multiple countries and continents, I've come a long way in developing as a professional and a leader with a global mindset—building a certain level of resiliency and confidence to handle all types of situations.

Allergan is a special company with great people. We have a group of extremely talented and passionate people in Allergan and the opportunity to work with them, learn from them and contribute to improving the lives of millions of patients worldwide is what has made the last 21 years most enjoyable and satisfying for me.

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