

Interview: Josiel Florenzano - Managing Director, Lundbeck Brazil and South Cone



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Josiel Florenzano, managing director of Lundbeck Brazil and South Cone, provides us with an overview of the main dynamics shaping the Brazilian CNS market as well as the opportunities he identifies to further increase awareness and improve market access in the mental health area.

You took over the helm of Lundbeck Brazil in May 2015, a company you knew very well as you worked there for over a decade until May 2013. What was the challenge that motivated you to come back to the company?

In 2015, Lundbeck entered a new, exciting phase of growth centered on the launch of our flagship product Brintellix® (vortioxetine), which could be considered as the “new generation” of Lexapro® (escitalopram) – a product that had become the standard of care in the depression area and which I contributed to launch fifteen years ago. As a matter of fact, Lexapro® even reached a peak of market share around 13 percent, which is particularly remarkable given that generic products hold a very strong foothold in this segment.

I took over the affiliate after Brintellix®’s registration process had just faced a significant setback. Although we did not have to restart this process from the beginning, we had to recalibrate our registration dossier and comply with a particularly exigent regulatory pathway from ANVISA. A few months later, we managed to ultimately receive this product’s approval and launched Brintellix® in the first quarter of 2016 – ten months after I joined the affiliate. In this regard, I want to praise the

quality of the work conducted by my team, which truly ensured we could launch this product in the best conditions possible.

Have the Brazilian market and the competitive landscape changed tremendously between the launches of Lexapro® and Brintellix®?

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It is now much more difficult for us to reach the same level of market penetration than fifteen years ago. While the overall size of the Brazilian antidepressant market has soared over the past decade and has now overcome the USD 1 billion mark, the number of generics competitors has increased accordingly. Meanwhile, Brazil's current economic situation is clearly less favorable than it used to be a decade ago *[2017 is set to mark the country's exit from an unprecedented, two-year recession period – Ed.]*. As the antidepressant segment is mainly a self-pay market, these tough times and the historically high unemployment rate the last crisis has generated make it more difficult for innovators to sustain a premium pricing.

On the other hand, Brazil is a country where brand recognition and product loyalty is still particularly strong. To what extent are you able to leverage Lundbeck and Lexapro®'s reputation to gain market share despite this heightened competition?

Conceptually, brand loyalty relates to payers, which – in our case – are the patients. In Europe or the US, the government and/or the HMOs are the payers, and they naturally incite physicians to prescribe the cheapest options available or the ones included in their reimbursement lists. This price-centered approach is understandable in mature markets, where the quality of the generics products is extremely high and beyond suspicion. On the other hand, in Brazil, we still see some generic products whose quality is sometimes questionable – a worrying aspect that is particularly crucial in the eyes of prescribers and patients.

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However, brand loyalty typically is an aspect that is more relevant for market share erosion than for new product launch. In the Brazilian CNS market, the brand erosion usually hovers around 15 percent (in market share) in the first year that an innovative product goes off patent. To give you a concrete example, generics competitors of Lexapro® entered the market in 2009 but the latter still stands as the second largest selling product in the antidepressant area – eight years after generics entered the market. In Europe or in the US, market share erosion may however reach up to 85 percent in the first year of patent loss.

Regarding Lexapro®, we have truly managed to build an extremely strong brand reputation among the country's psychiatrists and neurologists, and have pursued medical education activities even after generics entered the market. As a matter of fact, we kept promoting the product until we launched Brintellix®, while playing on our margins to offer attractive loyalty programs which allowed us to significantly expand the life cycle of this product.

You mentioned how the antidepressant segment stands as an out-of-pocket market in Brazil - both in the public and private markets. Given that over 50 million Brazilians have access to the private health market, do you identify opportunities to more closely partner with HMOs in order to increase the coverage of mental health products?

There are only a few HMOs that are actually open to the idea, as including these products in their reimbursement lists would come at a very high cost for these companies. As per Lundbeck, we have not yet engaged in this process, but I believe it truly embodies the way forward for our country.

In this regard, I expect that more and more, companies' representatives will be focus on private health insurers within the next ten years, especially as the government recently announced that public spending would be capped to inflation rate for the next twenty years, therefore limiting opportunities to increase access in the public sector.

According to the latest WHO report on mental health, over 5.8 percent of the Brazilian population suffer from depression, which is way above the global average and stands as the highest rate in the region. The same analysis applies to anxiety, which affects 9.3 percent of the country's population - three times the global average. Do you feel that the impact of mental health issues is fully acknowledged by public authorities?

We definitely hold significant room for improvement in this regard, especially given that the impact of these diseases is usually larger than what people conceive. As a matter of fact, a significant share of depressive or anxious patients in Brazil is left with no choice but to continue working - without being able to access the treatments they need. Looking at the WHO data that you just mentioned and the current level of coverage available, it is safe to say that mental health issues have a huge impact on our country's productivity.

On the other hand, we cannot overlook the financial reality faced by the government: reimbursing treatments covering a high prevalence disease like depression would have an extremely significant impact on public healthcare spending.

As per Lundbeck, partnering with physicians to raise awareness about the prevalence and impact of these diseases has been one of our first and foremost priorities, both at the patient and government levels. 2017 actually marked the opening year of the *Yellow September* program, which encompasses multiple initiatives centered on the prevention and diffusion of information about suicide. It was a great initiative from the Brazilian Psychiatric Association.

Looking at realistic next steps to further shift the healthcare paradigm despite budget constraints, I believe we should first focus our efforts on reaching out to and increasing the involvement of the medical community. Looking at suicide specifically, Lundbeck has managed to gather excellent and comprehensive data, which could be used by medical stakeholders to showcase how urgent the situation has become in Brazil. In this regard, we are glad to see that medical associations – and especially the Brazilian Society of Psychiatry – seem truly committed to leverage their medical and political connections to make the ecosystem move forward.

In this context, the pharmaceutical industry must tirelessly increase its commitment and further support medical associations. As the only pharmaceutical company exclusively focused on mental health diseases, Lundbeck has a great role to play in fostering this connection. As a matter of fact, we already stand as one of the largest sponsors of the Brazilian Congress of Psychiatry, which gathered around 6,000 physicians in Sao Paulo in October 2017.

What are the main strategic priorities you will focus on moving forward?

Our main objective is to establish Brintellix® as the market leader in its category. Lexapro® reached this position three years after its launch, and – given the increased competition since then – our goal is to replicate this outstanding performance with Brintellix® by 2020. In the meantime, I want to maintain a steady pace of product launches by introducing a new treatment on the Brazilian market every two years, which is aligned with the global strategy of Lundbeck and improving the quality of life of the patients as the main mission.

As a very focused and segmented company, we need to ensure we leave enough time between each product launch to consolidate the latter's market share, before moving to the next product launch. Furthermore, our products truly stand as new standards of care, which requires a lot of pedagogy from our side to convey their heightened added value. For example, Brintellix® is the first antidepressant in the market that does not generate side effects impacting the sexual lives of patients or causing weight gain. It is also the only product with a leaflet on cognitive symptoms, as a result of the product's proven ability to improve patients' thinking, attention and decision making.

What is the importance of Brazilian operations for Lundbeck?

With a size of USD 1 billion, Brazil has truly become an important market for Lundbeck. As an innovative company, we naturally target only a limited share of this huge market – nevertheless, such a market size is always attractive in the eyes of companies' headquarters.

Looking only at Brintellix® sales, Brazil has actually become a very important country in the world for Lundbeck. We particularly pride ourselves for this great performance, as it is the first time ever that Lundbeck Brazil has entered the company's global top ten subsidiaries.

Considering all these aspects together, we understand that gaining or losing market share in a country like Brazil truly has a direct and significant impact on the global results of the company.

On a personal level, what is your main driver?

I have been working in the pharmaceutical industry for over 30 years. When I go to the office everyday, I know that my team and I can have a meaningful impact on thousands of Brazilian patients who are suffering with mental disorders. Naturally, we cannot compromise the financial sustainability of the company, but the main motivator for me is to help Brazilian patients live healthier and happier lives, which is particularly crucial when it comes to families affected by mental health issues.

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