Interview: Michel Charbonneau – Executive Vice-President, Accord Healthcare, Canada



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Michel Charbonneau, executive VP at Accord Healthcare Inc. touches upon the rapid evolution of the Canadian affiliate over the past five years, and the company's commitment to bringing high-quality, innovative, affordable generics to patients. He furthermore expresses his hopes for collaboration between generic players in the Canadian pharmaceutical industry in light of recent supply issues in Canada.

Michel, you have been Executive Vice-President of Accord for five years now. What goals were set for your tenure?

I came to Accord after meeting with the global CEO of Accord. They needed someone to build up the Canadian operations of Accord, which were admittedly still very small at that time. I quickly took to the family-owned generics company it is. Upon my arrival, only three people worked at Accord Canada, who were mainly occupied with the filing of dossiers for Health Canada. Accord's business in Canada mostly consisted of cross-licensing to companies, selling our India-produced drugs. To this day, we still engage in partnerships with eight different generics companies in Canada.

My objective was to put in place a commercial sales force for the retail business as well as for the injectables business in the hospital market. In 2017, Accord Canada is an 18-million-dollar sales company with 12 employees and known for its reliability and readiness to enter long-term

commitments.

Accord’s operations in Canada have developed fast, and we brought several products to the market we did not introduce before because of high competition for instance. As several generic companies in Canada face the challenge of backorders, we were repeatedly approached to bring products to Canada that were not available to hospitals on the local market, and subsequently introduced those to Canada. Ensuring that the supply is secured in Canada is of primordial importance to us.

The Canadian pharmaceutical industry has been facing some pressures in terms of pricing agreements with public payers as well as consolidation. How does Accord navigate these waters?

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The industry has indeed seen a period of uncertainty and lack of predictability. First and foremost, the retail and the hospital markets follow very different dynamics.

Generally, there are more players involved in the hospital market and the deals made are usually long-term agreements. But today, the challenge generic companies are facing is that when the patent on a product expires, there are already five or six companies launching a generic molecule the very same day. Thus, competition is fierce, and, moreover, some generic companies will have an important inventory ready and improve their offer in order to obtain one of the two available spaces in the tender, regardless of the price cuts they will be facing.

In the retail market, margins can be small for the industry when, as is the situation in Canada, there are only five big chains of retail pharmacies. Therefore, whereas the breadth of available drugs may be rich, there are only five pharmacies to approach, which results in tough price competition.

This is an aspect that headquarters of foreign companies such as Accord take into consideration before launching a drug in the Canadian market, especially in the category of specialty products, for which cost-effective retail cannot be guaranteed in Canada. For this reason, Accord has entered aforementioned cross-licensing agreements, as they allow us to mitigate the risk. Some of our local partners have been engaged in relationships with some of Canada’s retail chains for over 20 years, and have proven extremely helpful in navigating the Canadian market.

However, the trend we currently observe is that many retailers begin to take more interest in meeting directly with the producer. We have hence begun to act as an interface between the

Canadian retailers and our Indian headquarters.

Accord’s current portfolio in Canada consists of 18 approved products and 14 product submissions awaiting approval from Health Canada; the portfolio is focused on multiple therapeutic segments like oncology and supportive therapies, cardiovascular, neurology and anti-diabetics. What can we expect from Accord’s pipeline in the future?

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For us, oncology constitutes a niche, as there are fewer generic companies involved in this segment compared to cardiology for instance. In oncology, we face competition only from two other players in Canada, while there are 16 companies distributing a generic omeprazole. The reason behind this is that cytotoxic drugs require dedicated production plants to be manufactured under the adequate quality standards, which is not the case for generics based on simpler molecules. Therefore, the oncology product portfolio relates to 65 percent of our sales in Canada.

The future pipeline of Accord presents opportunities for new molecules in various therapeutic areas such as diabetes but also lifestyle drugs. Those are tailored to the demand of an aging baby boomer generation that is increasingly conscious about its health and wants to make the most of its enhanced life expectancy.

Accord was also the first Indian company to launch a biosimilar in Europe. The commercialization of it was entrusted to partners at the time. While we bought back the rights on European soil, they belong to Apotex in Canada. However, it is certain that within the next five years, Accord will be directly involved in biosimilars in Canada.

Accord has grown both in organic and inorganic ways towards expanding its product portfolio and operations in various parts of the world and recently announced the acquisition of Essential Pharmaceuticals, acquiring the rights to sell Custodiol HTK in the USA and Canada. What is the significance of such acquisitions for Accord Healthcare?

This very recent acquisition has been mainly impacting our operations in the United States but will impact us in Canada soon as well. We have proven in the past that we are able to make the most out of partnerships and acquisitions and remain always open to proposals. Accord is a strong believer in the equation of one plus one equals three and we believe that there is always room to strengthen our pipeline.

What place does R&D occupy in your Canadian operations?

Overall, Accord is a company heavily involved in research and development. As an illustration, we were the first company to be able to attach a liposome to docetaxel and paclitaxel, two versions now commercially approved in India. This breakthrough allows for the dosage of the original generic to be augmented.

In Canada, we have a research laboratory in Quebec City, working in close collaboration with the Université Laval. In Toronto we have CRO activity, mostly servicing other companies, from Canada or the USA. We believe that local research is an important component in being able to cater to the healthcare needs of a particular population.

How does Accord add value 'beyond the pill' to the healthcare system overall?

Accord is indeed a value-added company; especially in the hospital segment we have products in our portfolio that we have developed years ago but kept on ameliorating. In our chemotherapy treatments, we are constantly striving to minimize the neurotoxicity. To ensure that the benefits of such developments reach the patient, we meet with healthcare professionals to make sure that the current protocol of administration in place still corresponds to the format we are currently supplying.

A key to improve our services in the retail segment is listening. We are attentive to the needs of the Canadian market, even in small details such as blister material or disposition. We gain these insights by spending significant amounts of time with the pharmacists, actively asking questions and observing their day-to-day routine in order to truly understand not only what pharmacists need but also what patients are asking for.

What can we expect from Accord Canada moving forward?

Accord is very committed to the Canadian market and we are here for the long run. We will be following closely the adjustments being made on a pan-Canadian level and put all our efforts into understanding the retail market and utilize it at its optimum potential. Our ultimate goal will remain to bring quality products to the patients in Canada, and we will master the needed flexibility to meet price adjustments and requests to ensure this.

Our goal for the next five years is to maintain and ensure quality and cost, but also the supply. In this regard, I think collaboration between the various generic players in Canada is of primordial importance. The failure to supply is a recurring problem in Canada. By being proactive and collaborating with other generic companies, we can assist each other in case of a backorder, minimize or at least better plan for such situations of supply failures. The prerequisite for this is of

course the will to help without taking advantage of the situation.

What is the strategic significance of Accord Canada to the global organization—and how do you advocate for Canada at the Indian headquarters?

Our evolution in Canada has been quite successful and I think we have been able to demonstrate that we are committed and here to stay. Our headquarters are supportive as long as we practice open communication. When I first joined Accord Canada, I made it very clear that the Canadian market, although having a lot going for itself, in terms of compliance and reliable business practices, is not a market where profits are made following a ‘hit and run’ principle. The commitment has to be strong, visible and genuine. The management team in India has very well received this message and is fully supportive in my efforts as country head.

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