

Interview: Stewart Pearce - Managing Director, Otsuka UK and Ireland



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Stewart Pearce, managing director of Otsuka UK and Ireland since 2017 discloses how he built up a leadership team fit for the Otsuka of 2023 and highlights what he appreciates about working for a Japanese pharmaceutical company. He says that at Otsuka, people are encouraged to think for themselves, be different and be creative, so that the company maintains its unique features and avoids what it fears most: be like everyone else.

Stewart, you have been named managing director of Otsuka's UK operations one year ago. What attracted you to Otsuka and made you take on the role?

Before joining, I thought Otsuka was a fantastic company and felt this role was right for me. I was excited about the amazing products the company has in its pipeline and how it targets unmet needs of patients.

I had never worked for a Japanese company before, but the more I learned about the Japanese pharmaceutical company culture, the more intrigued and interested I was, and the more I also came to appreciate it. It is very different from that of a European or American company and I enjoy that. I often feel that once you have worked for one large pharmaceutical company you can go from one to another and encounter the same with only slight variations and different nametags on the door. In the Japanese business world of pharmaceutical companies, you are very much encouraged to be different and yourself, not a clone.

Often have I heard from those previously working with Big Pharma that with each new company they entered, the more of an act they would put on to be the person they felt was wanted for the job as opposed to being themselves. Since last year I interviewed several people for Otsuka that I had to decline because I was facing corporate machines and not people with personalities. At Otsuka you have the permission to be different and innovative, challenging the way you do things. This is refreshing for many. The freedom is huge, and although it brings responsibilities with it, I am at liberty to shape the UK and Ireland affiliates as I want according to the global vision of the group of course.

What were hence some of the priorities set for your tenure?

My initial priorities revolved around building up the right leadership team for Otsuka UK and Ireland because there had been several internal disruptions. Otsuka required stability in its leadership team, people that were right to lead this organisation in the long term. There is no point in planning the long term if you do not have the right people and structure to set you up for future success. We took the approach to picture where we would like to take Otsuka by 2023 and experienced a lot of change in the first six months. Today, I am very proud of the team we were able to recruit and we can now focus on execution and getting ready for our coming launches.

What is the scope of operations of Otsuka in the UK?

In the UK we have the unique position that our European headquarters are just next door to the UK operations. The headquarters employ 160 people and we add 60 as the UK and Ireland affiliate. The UK and Ireland operations comprise all usual departments present in a pharmaceutical company, reporting to me. The scope of operations of the European headquarters is somewhat broader as it includes R&D activities. The clinical trials run in the UK are part of a joint effort with our development centre in Frankfurt am Main, in Germany.

To Otsuka, Europe is in many ways a test bed for their success in Asia. Europe has some of the toughest markets globally and within that mix, the UK holds the undisputed position of the toughest single market. Our way to look at this as a group is that, if you can make it in the UK, you can make it anywhere! This determines the significant importance the UK holds to Otsuka globally. Although they understand the UK is tough, Otsuka is determined to invest here and be successful.

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What are some of the aspects leading to the UK being such a tough market?

I think there are several factors to this. Pricing is one important aspect but the fact that NICE has constantly raised its standards over the past years also plays into account. It is hard to get through NICE without drafting out confidential discount schemes. As a reference market, we display a gross price, visible to other markets, in addition to the net price required for NICE negotiations. To us, the barriers we have to surmount to bring a product to the UK are hence twofold as we need to consider reimbursement just as much as the impacts our pricing in the UK will have on other markets we want to launch in.

The looming danger with pricing being so tough is that certain companies decide that the UK has become too risky a market for their launches. We have a product in the psychiatric field that is currently being made available to patients in Spain, Italy, the USA, Australia, Canada and many more, but Otsuka had to decide that it will not be bringing it to the UK as the likelihood for reimbursement is too low. This is extremely frustrating and a discussion we are not alone in.

Moreover, in the UK we do not only encounter a tough launch phase, we cannot even count on a nice tail for our products as in other markets such as Spain. Sometimes, the UK really feels like it is a race to the bottom once generics come in. For pharmaceutical companies, both ends of the lifecycle of their products are extremely tough in the UK.

How does such an innovative company as Otsuka, investing 21 percent of its revenues into R&D, ensure its innovations reach the patients despite the given market challenges?

Otsuka has a smart strategy: it will never bring to market a 'me too' product. Aligned with our global mission of truly improving healthcare, we focus on complex products in areas of high unmet medical needs. By bringing products through our pipeline that are truly innovative and very specific, you have of course better chances of success.

Looking at our upcoming pipeline, we are doing research in hematological oncology. In this area, survival rates post-diagnosis are of six to nine months today, sometimes only 30 days. I think this shows just how much of an unmet need we target with our treatments. Furthermore, we have a product in development for dementia care. Most would agree that this represents one of the areas where most need originates from today, as no new treatments have reached to market in over 20 years and those that are on the market are not highly effective.

I think the industry has a huge responsibility towards patients, in particular in the field of dementia, where the suffering also includes caregivers and families. We are required to engage in an effort to understand the needs at hand while providing the best possible education about available

treatments to practitioners. We also have to partner with patient and carer support groups and work in collaboration with charities.

The biggest fear of Otsuka is to become just like any other mid-sized pharmaceutical company. This is the spirit of the company and a brilliant fear to have. Everybody at Otsuka can relate to this as nearly everyone here has worked for one of those interchangeable companies before. We want to encourage people to be different and always ask for the why. Therefore, instead of conducting a lot of market research studies and asking third parties to think for us, we encourage our own employees to develop ideas by meeting with customers and patients. By generating real insights, our people are able to be creative in their own right, developing Otsuka's strategy.

How do you envision your global collaboration with Lundbeck on a local level?

We believe in horizontal alliances that enable us to learn from each other, growing together along the way. In our partnership with Lundbeck, there is no dominant partner, we are equal and yet fundamentally different. However, rather than seeing that as a challenge, we envision it as something positive because it provides us with even more learning points. We believe that this collaboration is mutually beneficial and to equal parts.

We are stronger together and our partnership can be likened to a marriage. It is not always easy but our philosophy is to live to the fullest our fundamental dedication to our union. Not just between Thomas Klee (General Manager Lundbeck) and me, but on every level of the organisation.

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What can be the role of the UK and Otsuka's affiliate here in shaping the future of healthcare?

The UK has the role to show to other markets how things can be done in a tough market, allowing others to leverage on our experience. Despite all challenges, the UK is often an early launch market the rest of Europe looks to. Furthermore, we have in the UK a very active set of great minds and key opinion leaders that are internationally recognized and well respected.

Here in the UK we sit just next door to our European headquarters. Despite this physical proximity, when I joined Otsuka, there was little communication between both. I was taken aback by this as I was wondering how collaboration with other European countries could function if we were not able to partner well between two offices just opposite the same road. I made it one of my priorities to drive forward collaboration and partnership with our European colleagues and today our relationship is much stronger. The relation between the European headquarters and us, the UK and

Ireland affiliate, shapes the collaboration between the headquarters and other affiliates.

Where do you want to have taken Otsuka in five years from now?

My main aim for Otsuka UK and Ireland for the coming five years is to successfully launch the fantastic products we have in our pipeline. Moreover, I wish to be able to say that we were able to make a real difference to patients in some of the areas we are active in. Finally, I wish to have left a true legacy here, and that Otsuka UK and Ireland will be seen not only as a company that has performed well but that has transformed the way we do business in Europe and been an inspiration. This is what I see as my responsibility.

On a more personal note, I hope that Otsuka can and will play a role in changing the negative image that clings to pharmaceutical companies. Many in the public just see us as drug makers that do bad things, hide back data and charge high prices. I could not disagree more with this perception: we are the makers of medicine.

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