

Interview: Thomas Bo Bjorn Klee - Managing Director, Lundbeck UK and Ireland



"The new, focused strategy equips us to build on our CNS heritage and expertise, remain patient-focused and meet current health needs here in the UK"

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Thomas Bo Bjorn Klee, managing director of Lundbeck UK and Ireland, describes the global restructuring program Lundbeck initiated two years ago to ensure value creation, build on unique strengths and meet current health needs. Lundbeck is now focused on four key CNS areas: depression, schizophrenia, Alzheimer's disease and Parkinson's disease. Klee highlights the UK as one of Lundbeck's primary markets and emphasizes the country's continuing relevance from a strategic R&D point of view.

Can you start by elaborating on the historical presence of Lundbeck's affiliate in the UK?

Historically, the UK was one of Lundbeck's first and largest markets and, until recently, it represented one of the company's top five. However, as the balance has shifted away from Europe, the market contribution of the region has decreased. Several factors have played a role in this shift. Firstly, we expanded our presence in the US and China, moving from simple partnerships to establishment of our own affiliate companies. These changes reflect the growth of CNS products in both the US and other international markets. Secondly, Lundbeck Europe undertook a major restructure two years ago. This process involved changes at affiliate and staff level but they were all designed to make us fit for the future and enable us to continue our patient focus. Lastly, we experienced significant patent expiries, losing several blockbuster brands, and some market access challenges with new product launches.

With change comes opportunity and Lundbeck is no exception. The new, focused strategy equips us to build on our CNS heritage and expertise, remain patient-focused and meet current health needs here in the UK. We are maximizing our R&D innovation in the four key areas of depression, schizophrenia, Alzheimer's disease and Parkinson's disease, while maintaining our valuable partnerships with companies such as Takeda and Otsuka. In pursuit of our goal to become a truly global company we have a programme of expansion in place.

So how did you manage to put the UK affiliate back on track?

When I joined Lundbeck in 2015, I took a close look at the organization. In addition to thinking about the structure, I looked at our market potential and the challenges we faced. For example, in depression, first line treatments are now mostly generic and so we are looking at entering the market with either second and third line treatments. Similarly, generics are dominating the first line treatment of schizophrenia. Our biggest challenge was to translate our global strategy - showing the essence of the new Lundbeck - into a local strategy; one that focuses on offering second and third line options that make a difference to patients while responding to the financial pressures within the NHS. Inevitably, the restructure has involved the loss of some skilled employees but, moving forward, we will be looking to maintain our broad capabilities and effective cross functional working across the company.

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How is the new Lundbeck reflected in the UK affiliate?

Lundbeck used to have a presence in alcohol dependence, stroke and sleep disorders. We have now moved away from these areas to focus on depression, schizophrenia, Parkinson's disease and Alzheimer's disease. This consolidated approach reflects both our historical business focus and our capabilities. The withdrawal of many large pharmaceutical companies from the CNS market means less competition. However, fewer companies investing in research into these disorders limits the ability to raise global awareness of the unmet needs of CNS patients.

Lundbeck's strategic decision means a longer gap between product launches, particularly in Europe. We have launched two products within the past few years, but it may be some years before we have any new products available. In the meantime, we believe patients have access to good treatments and so we will build up the business, maintain a plan for growth and invest in innovation. Research and development within the CNS area is particularly challenging and costly. Lundbeck is investing 20 percent of its turnover on R&D - a high proportion compared to many other companies within the industry. Our relationship with the Lundbeck Foundation, that uses the

dividend from Lundbeck to invest in public research, is also an important part of that process.

How do you ensure the continued relevance of the UK affiliate in this context?

Although the UK affiliate is no longer among the top ten global countries for Lundbeck, it remains a strategic country, particularly from an R&D perspective. For example, five to seven years ago, we switched our R&D perspective from just looking at the treatment of symptoms to understanding the biological genomic reasons for these disorders. The UK is at the forefront of research into this approach. We have also entered into a partnership with personal genetics company 23andMe, Inc. and think tank the Milken Institute in a large new study to increase the understanding of the underlying causes of Major Depressive Disorder (MDD/unipolar depression) and Bipolar Depression. Further, the study will explore how these disorders and brain functions such as attention and decision-making are related to genetics. The study has since recruited 25,000 participants who will have their DNA tested and complete cognitive tests and surveys over nine months.

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Can you give us a few examples of some of the collaborations on the research side that are going on in the UK?

Although I am not engaged on a daily basis with the research collaborations handled by a dedicated team in our Danish HQ, I can tell you that they involve fundamental bioresearch and genomic consortia. We are collaborating with multiple countries simultaneously to gather valuable information, in particular, in the area of neurological disorders. For example, we are part of the European Prevention of Dementia (EPAD) Consortium – a major European initiative in the fight against Alzheimer’s disease. Specific to the UK, Lundbeck has current University agreements with King’s College London and University of Glasgow. The UK affiliate also supports various Investigator Initiated Trials (IIT) locally. This year we are supporting at least 2 IITs and providing unrestricted educational grants to other local research activities.

At a local level, where do you see the growth spots, in terms of portfolio / business lines which are and will be generating the most revenues?

Our key growth areas in the UK are clearly in depression and schizophrenia and these are where our current efforts are focused. We expect our interesting mid to early pipeline to deliver the future products – both small molecules and antibody products. However, we know that these are particularly challenging areas for R&D due to the potential for early product failure.

How do you assess the ease of market access in the UK and what is your strategy in that respect?

The key is to be focused and realistic within the current environment when it comes to the cost constraints and market size. For example, in schizophrenia, there remain many unmet needs but we are moving in the right direction to meet those challenges. Within this, we need to be realistic about product positioning i.e. focus on providing the best possible second or third line treatments for patients. Whilst national health authority requirements can be addressed with a good dossier, we are aware of the challenges at local level in the UK. Although there is a lot of interest in our products, local constraints and assessments can present a challenge. I believe that Lundbeck can be a useful partner to Health Trusts and CCGs and work with them to maximize the benefits our products can bring to patients. We need to keep our focus on the four target areas - ones where we have the best opportunity to provide innovative treatments moving forward.

What role can you play as an industry leader in helping generate cost savings and interesting ideas to the country?

Lundbeck is committed to engaging in dialogue within the industry. We are also looking at different types of studies, ones that show how we can support the financial situation by analysis of the cost structure of our products within budget impact models. Other studies are looking at quality of life or functional aspects of full recovery for patients that are over and above the traditional clinical efficacy parameters. We are also involved in industry forums such as the ABPI and Policy Matters. These forums allow us to engage with relevant stakeholders and discuss a number of topics on an informal basis. For example, we obviously discuss how Brexit will impact the industry and, if there is one topic that everyone around the table agrees on, it is that the pharmaceutical industry is essential to the UK.

Where do you see your competition coming from in the UK and how do you go about distinguishing yourself?

There are few competitors marketing branded CNS products remaining in the UK. For us to distinguish ourselves, we need to continue to look for the areas where we can make a significant difference to patients. If we look at depression, for example, the UK has the second largest anti-depressant market in the world, and is heavily dominated by generics. However, after first line treatment, many patients may not respond adequately, which means there is opportunity to make a difference with second and third line treatments, and explore innovative approaches to support people living with depression to achieve full functional recovery. These types of approaches involve

a different research strategy and provision of different types of data.

Lundbeck also distinguishes itself by being very collaborative, with Otsuka for example. This lends itself very well to the CNS market where you really need to join forces in an area where there are still a lot of unknowns.

Lundbeck engages in two types of cross collaboration: the first one involves internal cross functional working. We have dedicated a lot of time within the company to making sure that we can collaborate across the affiliates and the head office. As already mentioned, one of our strategic pillars is a focus on having the best employees with a broad skill set who can work effectively across different functions. External collaboration is also very important to Lundbeck. We have our R&D partnerships as well as commercial agreements with Otsuka and Takeda. These collaborations bring different expertise to the table and maximize our focus on innovation at multiple levels, all of which will ultimately bring benefits to patients.

A few words to conclude that you would like to say about Lundbeck UK?

As the only major pharmaceutical company in the world focused entirely on diseases within the CNS, Lundbeck is quite unique. We strive continuously to be an attractive, developing and fun place to work. Despite the challenges that face healthcare delivery and the uncertainty of Brexit, the UK continues to be an interesting and exciting market, one where R&D collaborations are essential for continued growth. Through dialogue and close collaboration, I believe that Lundbeck can fulfil its vision and make every day a better day for people affected by brain diseases.

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