

Julien Samson - Vice President and General Manager, GSK Korea



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Julien Samson, vice president and general manager of GSK Korea explains how GSK's new global strategy is being delivered within the Korean affiliate. Mr Samson explains the focus areas for GSK - vaccines, HIV and respiratory treatments, and provides an insight into how GSK can best utilize Korea's strong environment for clinical research.

Korea is a nation with a young healthcare system, that often creates a number of difficulties for MNCs. How is GSK working to create a mutually beneficial partnership within the healthcare apparatus?

GSK is ensuring that it conducts its Korean operations with full transparency, be it with MOHW for health policy, HIRA for pricing and reimbursement, MFDS for regulatory affairs, or with the KCDC (Korean Centre for Disease Control), covering vaccines and severe disease. We are keen to acknowledge the things that we believe work well, of which there is a lot to be positive about, and we also remain clear on the areas that require improvement.

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At the same time, at GSK and with the pharma associations, the embassies or the chambers of commerce, we try to make a case for the improvements we believe will aid the system, mainly relating to access and process. Regarding access, while the government has made progress in facilitating access for oncology and rare diseases drugs, the remainder of therapeutic areas still experience problems. Consequently, there is a delay in launching non-oncology or non-rare diseases drugs when compared with other countries. 600 new and innovative drugs have been approved by MFDS but are still on the waiting list for reimbursement. Changes are anticipated, but the implications of any reforms will take time to materialise.

Your new CEO Emma Walmsley has made a number of personnel changes at the top of the organisation and has reformed GSK's R&D focus. How have these changes been reflected in Korea?

Indeed, over the last year and a half, Emma Walmsley has set GSK up for success in a challenging world, reclarifying the strategy globally. We want to be "one of the most innovative, best performing, and trusted healthcare company in the world". Our strategy in Korea is also based on these three key pillars.

Regarding our innovation footprint, GSK remains dedicated to bringing the newest products to the Korean patients. We had many launches over the last three years and plan a new wave of launches in the future, assuming we will be able to overcome access challenges. Furthermore, we are conducting clinical research operations in Korea.

In terms of performance, we have returned to positive growth in Korea following a challenging few years. The market is growing, and so should GSK. Now my ambition is for GSK to outgrow the market in all of the areas where we compete.

Finally, looking at trust, this is a complex and important topic consisting of several different dimensions. One is about reputation – people's perception of what we do. We are pleased to have been recognised by external peers as Korea's most admired company amongst pharma multinational companies. In order to solidify that trust, there are three elements. The first element is how we drive employees' engagement- behaving as a modern employer. In Korea there is a lot to do in changing the way we manage employees. Secondly, there must be clarity around access to medicines. Finally, GSK must demonstrate that it does its utmost to supply patients in Korea, in particular acting as a reliable partner for vaccines. GSK is the leading vaccine player in the world and we are partnering with the government in Korea on a national immunisation programme for

eight vaccines

While GSK ranks 7th globally, it is still lagging behind at 14th in the Korean market.

What is the strategy to take that next leap forward locally?

The first step is about having a growth mindset. We have not been successful enough over the last 7-8 years. My main focus is on the freshness index, which assesses what fraction of sales come from products launched over the past five years. Over the previous two to three years, the freshness index continues to grow. This year it reached 29 percent, up from 24 percent in 2017, and only 7 percent in 2015.

Now the growth opportunities are very clear, and this is first and foremost in the respiratory market. We are traditionally a respiratory company; it is part of our DNA having invented every new medicine in this area for the past 60 years. GSK is already leading in Korea within this sector yet is endeavouring to expand further. To illustrate the potential for GSK in the respiratory field, consider two success stories from our recent product launches. The first, Relvar®, is an ICS/LABA treatment for asthmatics or COPD patients suffering from exacerbations, that was launched three years ago and now leads the market. The second example is Anoro®, a dual broncho dilator for COPD patients suffering from breathlessness. Korea is one of the first countries in the world where dual therapies were positioned as a first line treatment. This has created a paradigm shift, and now over 50 percent of patients are treated with dual therapies, still the only market of its kind in the world. Anoro is the number one dual.

Our second growth market in Korea is vaccines. GSK is the leading vaccine company in the world, but this is not yet the case in Korea, so there is huge ambition to assist the government in supporting the immunisation of the population. Moving forward, we have a new generation of vaccines being introduced, and we look to bringing these products to the Korean market. An example is our new flu vaccine, the first to cover four different strains of influenza. While there are many strong local players in the vaccine market in Korea, our product has become the leading influenza vaccine locally.

Finally, HIV also remains an important therapeutic area based on our global strategy. GSK believes that the way HIV patients are treated must be changed. Traditionally, new therapies for HIV patients are added to old therapies, creating dual, triple, and quadruple therapies. For most patients living with HIV who are virologically suppressed, this can be unnecessary. No one should take more medicines than they need. Consequently, GSK is supporting a paradigm shift where

patients will only need to take daily a 2-drug regimen vs 3 or 4, with similar efficacy but fewer long-term side effects or drug-drug interactions.

GSK is a company that focuses on volume and avoids high prices and price hikes. How much of an impact are the low prices within Korea?

One of the methods used by the government to assess and price innovation is to use a reference to assess the QALY based on an outdated GDP value – USD \$25,000 per capita. In reality, the GDP in Korea is now close to USD \$34,000. It's like wearing old glasses to look at new products! In general, pharma companies want to get the best price for the value of their innovative products, meanwhile, the government will always try to give less and get a bit more value for their money. Thus, I believe the pricing conversation is not the only way to approach the issue. The challenge is, in fact, the pricing and the time to market, i.e. delays in access to medicines for patients. The consequence of the downward pricing pressure from the government is that access to new medicines is delayed since the prices are too low, and thus the products are launched later in Korea.

In addition, the use of Korean prices as a reference in other countries could exacerbate the already difficult situation. This is a challenge for Korea, as more and more countries begin referencing other markets. In the past, only Saudi Arabia used Korea's prices; now Canada is using Korea, and China plans to add Korea as a reference for a few products. This will further exacerbate the delay, as companies will have no choice but to price first in China, Canada, and Saudi Arabia, where the prices are higher. This is why the pricing system must be amended in Korea, in a way which is, of course, sustainable for the government.

There are a number of ways to address this – as seen in other countries. For instance, there could be more flexibility on risk-sharing agreements, beyond oncology and rare diseases. The limited scope of the current risk-sharing agreements is stifling innovation in other therapeutic areas. The pharma companies over the last ten years have moved at pace to a biologics-orientated world. For many years, the mindset of the authorities was that biologics are developed only for oncology. This is no longer the case. It can be used for many other diseases: immunology, dermatology, lupus, rheumatoid arthritis, multiple sclerosis, Crohn's disease, kidney failure, asthma, high cholesterol, etc.

Korea is 6th in the world for clinical research, and Seoul is 1st amongst cities. How is GSK utilizing this infrastructure to boost its operations?

As a pharma company, GSK does three things: discover & develop, manufacture, and commercialise drugs. In Korea, GSK has a commercial and a clinical operation team, with a focus on vaccines and pharma. In GSK, Korea is one of 20 global R&D footprint countries. Being a player in clinical research is very important. GSK exists not only to commercialise medicines, but to partner with the best expertise in Korea to conduct the highest quality clinical trials. Over the years, GSK has solidified strong partnerships with hospitals and with academia, which will continue. Obviously, we cannot do everything alone, so open innovation is also something that will always be considered going forward.

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