Rana Azfar – Vice-President & General Manager, Novo Nordisk Korea



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Rana Azfar, vice-president & general manager of Novo Nordisk Korea offers his impressions of the Korean market since moving from Pakistan. Azfar discusses how the most innovative insulin products have propelled Novo Nordisk forward in Korea, and how Novo Nordisk is working with patients and doctors to address the misconceptions around insulin treatments.

Prior to taking charge of this affiliate, you were the country manager for Novo Nordisk in Pakistan. Since your arrival in 2016 what has been your assessment of the South Korean healthcare market?

South Korea is a very developed market. As the 11th largest economy globally, it is easily on par with any developed European market. Consequently, the government has the capability to reimburse medications.

Moreover, the system in South Korea works very efficiently and should be a global role model. While the hospitals and clinics are privately run, such as the Samsung hospital and the Seoul national hospital, the government is the sole healthcare insurance provider. Treatments and medicines in the clinics and hospitals are reimbursed to a certain degree, usually around 70 percent, with 30 percent out of pocket payments. There is little difference between the social and economic classes. Everyone has equal rights and opportunities to access high-quality services.

This induces healthy competition amongst the hospitals and clinics within the market. Hospitals want to provide the best treatment to patients to become the provider of choice. In terms of management, the decentralization of the system reduces the bureaucratic burden for the government, who can shift their focus to overseeing, rather than delivering quality. Moreover, the prices for drugs, regardless of reimbursement, are controlled. Healthcare service prices, such as consultation fees are also set by the government. Private hospitals are not permitted to earn profits from the patient care or the drug prescription, but through added services that it can offer.

Moreover, the speed at which services are delivered in Korea is impressive. While there are waiting lists, once seen, the processes are very streamlined, with electronic prescriptions, and a completely digitalized system. Although these processes are also smooth in developed European nations, it is the speed at which they take place that differentiates South Korea.

What have been your key priorities as the country manager at Novo Nordisk Korea, and your major achievements thus far?

Novo Nordisk is known for its commitment to patients. This is achieved by providing high-quality services in a compliant way. Setting up the organization in a patient-centric manner to be capable of providing the most innovative medications was my primary goal.

What differentiates me from my peers was my decision to expand the affiliate. Currently, many multinationals in Korea are limiting their operations to the greatest extent possible, cutting head counts and prioritizing international partnerships to minimize liabilities. Novo Nordisk is moving in the opposite direction. When I joined, we had 110 employees and have increased this to 140. I believe in employees' confidence and trust; If this is missing, it is impossible to build a successful organization.

My second aim was to introduce those innovative products to Korea. We have successfully launched *Treshiba®, Saxenda®,* and *Nodiflex®*. Next year we will launch *Fiasb®.* These products are the backbone of our growth, and *Treshiba®* has been a true success story. It now has the highest value in the basal market in which it competes. Notwithstanding this, in 2017 we leapfrogged our competitors to become the leader in the local insulin market, with a 44 percent market share. Historically we had always been second in the market. Four months ago, we also became the company serving the most Korean patients of any insulin provider. Thus, we lead the market in both volume and value.

There is a tradition of prejudice against insulin use in Korea. What is the basis of this attitude towards insulin?

Local medical professionals have informed us of the general fear of injectable medicines in Korea. Despite being an advanced and developed nation, the myth around the dangers of injections persists. Consequently, the use of injectables and insulin are still considered a last resort option. As a result, the insulin market in Korea is very small. The incidence of insulin dependency is 7.3 percent, but the actual number of those taking insulin medication is much lower.

To counter this trend, we have launched more convenient medications. For example, *Treshiba*® requires only one injection daily, which can be administered at any time. We also offer a system in our latest devices called flex touch, whereby the patient injects the insulin painlessly by clicking the device, rather than using a traditional needle.

In addition, we set up a new project called Novo Care, a non-commercial scheme that is part of our social responsibility. We educate stakeholders, including the doctors and nurses who provide insulin to patients. Our staff are also providing training to help providers most effectively consult and manage the patient. Hence, when doctors prescribe insulin to patients, they understand the measures that must be taken to prepare the patient. We also provide patients with starter kits containing education materials. We aim to maximize the patient's knowledge and convenience to the greatest extent throughout their insulin treatment.

Novo Nordisk globally is looking to move into other markets, such as obesity, growth disorders and haemophilia. Which areas have the highest potential in Korea?

Although most of our new products in Korea are still within the diabetes segment, obesity is a very new area that Novo Nordisk has engaged with, launching our first product, *Saxenda*®. South Korea was the first country in Asia where we launched *Saxenda*® and it is now available in 29 countries worldwide.

Saxenda® product is performing well, although it is not reimbursed in Korea – the case for all anti-obesity medication. There is a long way to go if we are to expand access to *Saxenda*®. Firstly, we need to convince the authorities that obesity is a disease. In the United States they have recognized this as a disease and have begun reimbursement, but even in Europe, where obesity is recognized as a disease, reimbursement for these products is not available.

There have been complaints by foreign multinationals about the preferential treatment given to local firms. How does this affect the willingness for investment amongst non-Korean companies?

Indeed, local companies and local industry are the government's main area of focus. Despite the fact that they are high performing, producing good quality products with impressive research and development, multinationals have another edge. They are more innovative and their methods of doing business are very different, particularly with respect to their patient centred approach and to the new innovative medicines which they introduce. Consequently, multinationals are here to stay and continue to introduce the newest and most innovative products. However, mature products will face strong competition from local generics, so multinationals will expend little resources within this segment of the market.

How do you lobby the global headquarters to devoted resources to the South Korean affiliate to ensure the latest innovation is introduced here in this market?

We have plans for Korea which we discuss and pitch to our global headquarters so that we can launch in Korea. We need to create excitement around the Korean market. In the last two years we have achieved this, showing our performance and highlighting that Korea is a place to invest. While the Korean market locally is small and growing slowly – the annual growth rate is around 5 percent, mostly from the local companies. Nonetheless, it is a big market to invest and provide the best possible medications. The other aspect that helps us demonstrate the merits of Korea is innovation. We have a large clinical department and do a large amount of clinical research in Korea. This puts Korea on the map in terms of Novo Nordisk's focus countries.

Seoul is the leading city for the concentration of clinical research. What is it about Korea that makes it a target destination for clinical trials?

Trials are conducted diligently to a high level of both quality and. Trials are also supported by the government, who endeavour to form collaborations with multinational companies. This is not limited to clinical trials, but to research and development more generally. Korea has a number of universities and local companies who have a strong presence in research. They produce new molecules, and sometimes multinational companies enter into partnerships to develop and market

these new molecules.

What is your assessment of the current plans for reforming the health system, dubbed Moon Care?

Moon Care will most definitely support the general public as the level of coverage by the national health insurance system will increase. This is accompanying with an aim to be more efficient in registering and providing reimbursement for new molecules. Most recently HIDA have reduced the time for determining pricing from 150 to 120 days, so these changes can bring positive aspects to the healthcare environment.

However, pricing remains one of the key issues. Research shows that the price of reimbursement is around 70 percent of the average for OECD countries. That limits the potential to invest and grow. Nonetheless, Korea remains a market with investment potential. The companies that are present here continue to invest and bring new products to the market.

How would you describe the working culture and the human capital capacity here?

In general, Koreans are very diligent. Hard work, perseverance and commitment are ingrained into the Korean mindset from schooling age. This continues within the working environment: the Korean working week is one of the longest in the world at around 59 hours, although the government is currently looking to reduce this to 52 hours. At Novo Nordisk, we want to have a healthy working environment, so we encourage a work-life balance for our staff, preventing them from working excessive hours.

In my view, the Koreans are underrepresented globally. Their high levels of education and industriousness have created the platform to make them global leaders. The only impediment is the language barrier. However, the younger generation is overcoming this, improving their command of English. Furthermore, the youth are beginning to study abroad, returning to Korea with international experience and exposure which will further elevate the Korean economy.

What are your key priorities for the next 3-5 years?

Our top priority remains our commitment to the patients. We will continue to bring innovative medicines that enable patients to live healthy lives. This aspiration is embedded in all our current activities. If we can help the patients, either by educating them, bringing new products, or developing our employees, we will be successful.

Novo Nordisk works on the triple bottom line: financial, social, and environmental. We not only focus on financial, but environmental and social implications of our activities. Considering our operations over the course of this year, we have liaised with local groups to create many activities that enthusiastically advance social causes.

Our aim is to keep growing Novo Nordisk in Korea, in terms of sales, human resources, and in helping our patients to live a better life.

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