

# Rogers Luo Yongqing - Global VP and General Manager (China), Gilead Sciences

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*Rogers Luo Yongqing, global VP and general manager (China), Gilead Sciences, shares the key accomplishments of Gilead in China with six*

*innovative products approved in just 15 months; the strategic significance of Gilead China as the newest affiliate for Gilead globally; and their commitment to maximizing patient access in China in the areas of HCV, HBV and HIV/Aids.*

**Rogers, Gilead China launched your Hepatitis B Virus (HBV) product, Vemlidy®, in December 2018. How has this product performed in the first few months?**

I am proud to share that our HBV product, Vemlidy®, has been very well-received. On the first day after product launch itself, over a hundred patients benefited from our drug, and in the first month, Vemlidy® is estimated to have reached over 3,000 patients. This firstly reflects the huge unmet need in this area. Furthermore, Vemlidy® is currently the only self-pay product in this segment in China and there are existing reimbursed HBV and Hepatitis C Virus (HCV) products, so this is quite an impressive performance, and also demonstrates the potential of the HBV market in China.

Regarding the best product launch strategy, firstly, let me explain that the business model of Gilead globally is very different from traditional Big Pharma companies. I have over two decades of experience working in such 'Big Pharma' companies so I have first-hand experience. Gilead globally

is a very lean and agile organization with fewer than 11,000 employees – smaller, in fact, than some of Big Pharma’s Chinese affiliates – compared to over 50,000 employees for the largest Big Pharma companies. Furthermore, Gilead also has a relatively small commercial team overseeing sales and marketing.

In China, we applied the same principle. For instance, our commercial team for our HCV franchise has fewer than 50 people. The rule of thumb in the Chinese pharma industry for multinationals is that you need at least 300 sales reps to launch one product! Our small team is even more notable because HCV is a very prevalent condition in China with 9.8 million patients in total. We are taking a very different approach.

**As China is increasingly opening its market to innovative international products, many companies are trying to find the best product launch strategy. What insights can you share about the new approach Gilead is taking in China?**

We want to explore a new way of doing business and having the right strategy for Gilead China is very important because all of our products are new. Gilead China is the newest affiliate for Gilead globally and I actually established it as employee #1 in the commercial organization in September 2016! Within the span of 15 months, we have already launched six innovative products on the Chinese market, which is an impressive feat. As all our products on the Chinese market are new, we want to develop a new business model.

Within the pharma industry, for the past 30 years, the common understanding was that manpower generates sales. This is why, as mentioned, some pharma companies in China have tens of thousands of employees. However, the environment has changed. Policy and regulations, pricing strategies and models, government purchasing models and so on – all these new developments mean that companies have to change too. For companies like Gilead, including the new biotech start-ups we are seeing in China, we need to change too.

This is why at Gilead, leveraging our lean and effective culture, we see science, access, and sales & marketing as almost equally important.

First and foremost, the product is the most important thing. Gilead works on the principle of ‘value-based medicine’. We want to deliver highly-differentiated therapeutics with outstanding value to patients. The key is first to ensure that you only launch good and well-differentiated medicines in China. This is what we have done for our HCV, HBV and HIV/Aids franchises.

Next comes access, specifically patient access. In China, any disease, and particularly our therapeutic areas, is a volume business because China has many patients waiting for treatment. If companies put a high price on their products and wait for reimbursement, they will not succeed. For instance, for Sovaldi®, we received reimbursement in one province only two months after product launch, and after merely a year, it received reimbursement in additional key provinces like Anhui province, Zhejiang province and key cities like Tianjin, covering a population of 100 million. This is extremely fast compared to the usual three to five years! To support this, we also launched patient assistance programs and donated products to charities. In the upcoming months, we also hope to launch some partnerships with private insurance companies to further increase patient access to this product.

Sales and marketing are also very important. These three priorities – science (medical), access, sales & marketing – are reflected in our employee ratios. For instance, for our HCV franchise mentioned earlier, we have fewer than 50 sales reps but 40 medical representatives and nearly 30 people in market access! This is very different from traditional Big Pharma companies. Our competitors in HCV have twice or thrice the number of our sales reps. I am happy to say that this approach has worked for Gilead in China. As of end-2018, we actually held the majority market share for HCV in China.

**While the regulatory approval process has been reformed recently, access in China remains very fragmented, especially for specialty pharma products. How does Gilead manage this in China?**

Indeed, market access, reimbursement and prices are managed at different levels, including through the National Reimbursement Drug List (NRDL) as well as various provincial and municipal hospital and reimbursement lists. As a company, we have to engage many different stakeholders as well as differentiate between all the payers. The 31 provinces, for instance, should be segmented along two dimensions: their financial status and their commitment to public health and healthcare. After all, the infectious diseases we are dealing with are public health issues. Unlike diseases like cancer, they affect the general public and have a significant impact on the whole healthcare system.

We use different models and mechanisms to cater to the characteristics and needs of different provinces. We look at all the available options. For instance, should we apply diagnosis-related group (DRG) prices or codes? Should we implement a capping system? Should we conduct one-to-

one negotiations with the relevant payers or collaborate on patient assistance programs with the local governments? Prior to joining Gilead I was actually overseeing the whole market access department in a Big Pharma company in China so I have some valuable experience. For a particular product, even ten years after market approval, only less than five percent of patients had access to it because it was not listed on the NRDL. Through experimentation with many different access programs, when I left that company, the patient access rate had shot up to more than 20 percent. Especially if your product has not been listed on the NRDL yet, then you must apply innovative access models.

Access is one part of Gilead's core values. The other is science. I tell my team, getting the product approved is only half of the journey. The other half is access. I cannot overstate the importance of access, especially in the current environment.

**In many sophisticated markets a few years ago, Gilead gained somewhat of a reputation as the company with the 'USD 1000 pill' due to the initial price tag on Sovaldi®, your cure for HCV. As a relatively new company, what is the reputation of Gilead in China today?**

This is part of my job as the general manager. The tag of 'USD 1000 pill' does not reflect the efforts that we have made as a company into pricing. Gilead globally implements tiered pricing based on the country's income levels and GDP per capita, for instance. In China, our prices are much lower than the US prices and even lower than the listed prices in some neighbouring markets, so our partners and clients here do understand that we are serious about responsible pricing. Our prices should not be compared with the low prices of generics. In general, I believe our prices are always set reasonably across the various markets in which we are present.

As mentioned, we have also implemented many innovative access models to increase patient access to our products. In general, I believe Gilead's image in China is overall rather positive. We are associated with serious science and advanced technology.

This can be seen also during our recruitment efforts. We perhaps have some of the most stringent recruitment processes in the industry. Candidates for sales rep positions, for instance, must be at least a district sales manager in another MNC pharma company in China, and they all go through at least eight interviews, including a panel interview.

**With talent competition being so fierce right now in China's pharmaceutical industry, why does Gilead implement such a stringent recruitment process?**

We want to make sure we hire the right person. We have a very different business model that means we compete with companies with sales teams that are double or triple the size of ours, so we need top talent. Gilead in China is still sort of a start-up company so our employees need to have some entrepreneurship spirit. This is probably different from our employees' previous companies so we have to select carefully.

For the sales rep position, for instance, we received over 2000 CVs but we recruited less than five percent of that. We can see that our approach works because our employee turnover is very low. The figure was less than 10 percent last year compared to the average 25 percent within the industry - and out of that 10 percent, many were low-performers.

I had the occasion to read *Work Rules!*, a book written by Google's former HR head Laszlo Bock, and I was pleasantly surprised to see that his suggestions and strategies were very similar to what we have been doing in the past few years. For instance, in terms of recruitment, the hiring manager cannot make the decision on his own. Candidates must be interviewed by a group of people from different departments and finally, they must be interviewed by me. I have interviewed over 500 candidates myself - and certainly, every sales rep should be interviewed by me. At the beginning, I even interviewed our receptionist! As the first person people speak to when they call Gilead's office number, I wanted to ensure that they represent Gilead correctly.

We are committed to hiring the right people and developing the right culture to drive the Gilead business in China. In 2019, we expect to continue hiring as we have expanded our HBV portfolio, but another priority will be to build the culture and value of the company. We have hired around 250 employees now, all from different companies, so we want to ensure that they share the same Gilead values, culture and commitment to compliance.

**As of March 2019, Gilead will be led by new CEO Daniel O'Day, a 30-year Roche veteran. What would you like to communicate to him regarding the strategic significance of Gilead China?**

When I was appointed GM of Gilead China, I had three objectives: firstly, to introduce more, and the newest, innovative products, from Gilead globally to China; secondly, to maximize patient access to these products; and thirdly, to explore a new and different way of doing business in the pharma

sector. I hope this new model can be used as a reference for any innovative or biotech pharma company operating in China in the future.

Gilead is very passionate about increasing access to innovative medicines for patients. China, unfortunately, has very large patient populations compared to most of the other countries in the world for some disease areas, including HBV and HCV. Even for HIV, there are one million patients in China, with 170,000 newly diagnosed patients last year. Therefore, our work here will help Gilead demonstrate its global commitment to patients. We have the leading portfolio for these three areas so our mission is to maximize Chinese patients' access to these products.

On the research side, it is still too early to tell as the affiliate is so young. On the development side, China has been an integral part of global clinical development across our three franchises for quite a long time now and this will no doubt continue. For HBV in particular, China has so many patients here so we can definitely leverage that in clinical development and research.

In terms of the commercial aspect, I believe that if you get the fundamentals of product and access right, the commercial success will follow naturally. Gilead globally still very much relies on the US. Gilead China is still a very young affiliate so in the short term, I do not expect us to have a huge impact in terms of business value, given that Gilead's annual revenues are over USD 22.1 billion. Nevertheless, we are proud of our success having launched six new innovative products in 15 months. No other company in China has done this.

Access is key in China. There are huge unmet medical needs here. We have only been here and we need to build a solid foundation and establish the right team, culture and values in our organization. Gilead China and Gilead HQ will work together to move from the present to our aspiration of delivering our products to every patient that needs them in China. It is a long journey but we are very committed.

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