Pil Soo Oh – Managing Director, Lundbeck Korea



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Pil Soo Oh has been the managing director of Lundbeck Korea since the establishment of the affiliate in 2002. Mr Oh offers his insights into Lundbeck's footprint in Korea, their plans to adapt locally to Lundbeck's new global strategy, and the issues of stigma towards mental illness in Korean society.

What is Lundbeck's footprint in Korea?

I have now been with Lundbeck for over 17 years. I joined Lundbeck due to my extensive experience in the CNS area. Consequently, I saw great potential both in this therapeutic area, and in Lundbeck itself. At that time, Lundbeck was relatively unknown to anyone in Korea, but since I had been in the industry for a long time, I was able to establish the affiliate here. It began with just me, and then rose to 4-5 key staff members. We slowly increased our staff numbers, and today we employ 70 people.

We collaborated with Hanmi and launched our first anti-depressant in the Korean market in 2002. Then, in 2004 we were able to launch an anti-Alzheimer product. That product was not in the pipeline when I joined Lundbeck. However, it was very widely promoted, and I managed to receive approval to launch from head office and I obtained its registration in Korea. With this new product, Lundbeck Korea grew much more than anticipated. We launched a second antidepressant product which is now the most widely used antidepressant in Korea, changing the landscape for Lundbeck

locally.

We are now the dominant market leader domestically in the field of anti-depressants with a 17 percent market share across our two anti-depressant products, one old and one new. The next competitor holds a 3-5 percent share, demonstrating that the market is fragmented. In the Alzheimer's area, our market share is around seven percent, occupying one of the most important therapeutic areas in recent times. Regarding the market for Parkinson's, we launched our only product in Korea five years ago, establishing ourselves as a market leader by 2017 in terms of value. In volume terms, we now hold a five percent share in the Parkinson's segment.

What is the significance of Korea within Lundbeck's global operations?

In 2002 we were initially part of the Asia group. By 2006 we had already grown to a sufficient size whereby we were able to report directly to the head office. In 2015, we were designated as one of the 11 major affiliates for Lundbeck, which includes the USA, Canada, China, and Japan. This is a significant achievement given the relative youth of the Korean affiliate. Moreover, Lundbeck's global restructuring did not impact the local operations because we are exhibiting sustained growth. In fact, in 2017 we launched a new product and hired new sales representatives. The restructuring was mainly apparent in Europe and in our head office.

Korea's share of total Lundbeck revenue is 1.5 percent. The average across the industry for a Korean affiliate is a one percent market share of global turnover; Lundbeck Korea is punching above its weight. As a result, Lundbeck's global operations view Korea positively as a strategically important market.

Lundbeck recently welcomed a new CEO, Deborah Dunsire. Part of her strategy is "*to continue to seek to supplement the pipeline with external innovation that fits our strategy and core strength in CNS*" How will this new strategy impact your operations in Korea?

Prior to this strategy, our main focus was ensuring profitability. Consequently, we terminated our co-promotion agreement with Jeil Pharma. With this new strategy, the focus has moved to expansion: we can explore other opportunities and co-operate with prospective local partners to cover untapped markets with unmet needs. We are undergoing market research to investigate the feasibility of promoting some of our products in markets that were not deemed to constitute our

target groups in the past.

Unfortunately, we do not envisage any product launches in the next 5-6 years. We have been very fortunate to be able to launch two new products over the past five years. However, CNS and psychiatry are notorious difficult therapeutic areas for drug development, and thus it is unfeasible to maintain a steady flow of new product launches from our pipeline. Despite this, our strategy looking forward is to continue to develop the products already launched. Our Parkinson product is exceeding ten percent growth, and we received over 30 percent growth for our depression product in 2018 alone. Even with the mature products in our portfolio, we are aiming to increase the volume by 2-3 percent in spite of strong generics competition. This is our overall short to mid-term local strategy.

In addition, over the last few years regulation has changed quite significantly in Korea, including the Sunshine Policy – the anti-corruption law. Thus, I believe that the market dynamic has changed. We now want to realise the opportunities of this change to reach customers with whom we would not have liaised previously. This is not only within product promotion and information, but for other promotional activities too. This is the strategic change that we are now implementing as a consequence of the new CEO’s vision for Lundbeck.

Korea has the most rapidly ageing population of any nation. How is Lundbeck adjusting its offering to align itself with these new epidemiological changes?

The ageing population will present an opportunity for Lundbeck. As for most MNCs, Lundbeck used to focus on the large hospitals, lacking the resources to visit the small psychiatric and neurological clinics around the country given that we only have a limited number of products. However, the ageing population will lead more and more patients to visit these small clinics; we must align our geographical strategy to reflect this, expanding our coverage of small clinics. We have started to cover smaller clinics in-house rather than with a large local partner who already has an established network, trying to look for other untapped opportunities.

How would you assess the ease of market access in Korea for CNS and psychiatric medication?

Market access is very challenging, in particular the reward for innovation – pricing. With particular regard to Mooncare, while they are opening flexibility for pricing and rare disease, for example

through risk-sharing agreements, this is not the case in other areas such as CNS. After launching our antidepressant, we received a very low price, far below the global average. While launching at this price was acceptable for Lundbeck, other competitors have been unable to launch because of this pricing issue.

Lundbeck, through our multinational association KRPIA, is involved in ongoing talks to expand the use of risk-sharing agreements to new therapeutic areas. This is the only system that facilitates new product launches in Korea. Without such a mechanism, it may no longer be possible. This situation has been worsened by the rapid reforms in China that have dramatically reduced approval times and includes Korea as a reference price country. If the Korean government does not change course, Korea will be passed over by MNCs in the future for pharmaceuticals. This ultimately hurts patients.

Korea currently has the second highest suicide rate amongst the OECD countries at 25.8 per 100,000 of the population. As the only company operating in Korea that is devoted to psychological illness, how is Lundbeck seeking to address this crisis?

Indeed, Korea has one of the highest suicide rates in the OECD. One of the most critical reasons is the stigma attached to mental illness. Consequently, people try to conceal their psychological problems rather than addressing them and receiving the support they require. This situation is also worsened by the high level of competitiveness in Korean society. The interaction of these two factors creates a perfect storm for exacerbated incidence of mental health issues and in particular, suicide.

As a company specialised in psychological illness, we have launched our own endeavours to address and reduce the suicide rates. For example, we signed a collaboration agreement with the Korea Association of Suicide Prevention. One of the steps we have taken is to provide gatekeeper training to our employees regarding suicide. Subsequently, Lundbeck was designated as the first suicide prevention company in Korea, triggering other companies to follow suit and become suicide prevention companies, whose staff have all undergone the training. While this may be a small action, it is a clear statement of intent vis a vis our care for those who may be suffering from these conditions.

In addition, we provide support to bereavement groups for those losing loved ones to suicide. We organise opportunities for collective support and sharing to increase the ease at which they can discuss their loss and the resultant challenges they are facing.

What are your next goals for Lundbeck Korea?

The main cause of our high growth and success is the people working here. People matter. Therefore, I want to ensure that our workforce is trained to act with the highest competency. Due to my links with head office, I can introduce our people to them so that they can collaborate more closely and develop their careers. We also try to arrange secondments for our local staff to other affiliates, such as the office in Australia. They are able to share our Korean experience of launching products that may still be unavailable in these other markets. Our staff can also gain fresh insight.

In the next five years I would also like to further develop our activities related to suicide prevention, and with the support of our head office, launch a mental health campaign locally. The 10th October is World Mental Health day. In Korea the psychiatric society have a different day as their designated mental health day, the 4th April. However, the number four is seen as bad luck in Korea, which is why they designated 04.04 as a mental health day. In recent years we have been in discussions with them to change this to the global date. This message finally resonated; from this year, more and more Korean doctors will mark the 10th October as mental health awareness day.

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