Kai Zhang – Founder & Sonia Wang – CEO, Omni Pharmaceuticals, China



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Kai Zhang, founder and chairman, and Sonia Wang, CEO, of Chinese respiratory technology specialist Omni Pharmaceuticals, discuss the respiratory market in China, how Omni plans to introduce four respiratory drugs onto the market within two years, and its focus on innovative new technologies.

Kai, having a great deal of experience working in research functions at companies such as Teva and Ivax, what was the motivation behind forming Omni?

I began working in respiratory medicine in 2000 and have developed multiple marketable products with great success. During my collaboration with Chinese pharmaceutical companies, it was surprising to discover that 95% of the inhalation products for COPD/Asthma being brought into the Chinese market were from international corporations. Few local companies had their own inhalation product portfolio and the technical know-how to develop. Many middle- to low-income patients could not get the needed treatment as the price of imported drugs was too high for them. I recognized this and believed that I could make a change.

I felt that if I could bring superior technology combined with local manufacturing capability, it would be very helpful to people in China. This was why, in 2011, I founded Omni Pharmaceuticals.

Sonia, you recently left Eli Lilly to join Omni. What inspired this decision?

Unlike oncology, the inhalation market in China is far less crowded and developed. There are huge unmet needs yet to be addressed particularly in the treatment of COPD and asthma. The path Omni and its stakeholders have chosen was not a conventional one but the right one. My journey with Lilly over the past ten years was amazing. I am a prime example of Lilly's relentless efforts in developing talents. With the skills, capabilities and courage Lilly gave me along my journey, I thought it was the time to take the leap from running a business to running a company. I was excited to join Omni and help the team shape the next chapter in the exciting journey of developing and commercializing high quality and affordable inhalation products for people across China and beyond.

Can you share with our audience the size and scope of the respiratory industry in China?

According to an IQVIA audit, although the China COPD/Asthma market grew faster (16.7% YOY from 2014-2018) than the global industry (5.9%), its total size of USD 2.4 billion (by 2018) only accounts for 4% of global market, which is disproportionate given the size of the Chinese population.

China has nearly 100 million COPD patients and 60 million asthma patients. Despite the increasing prevalence of COPD and asthma, the patients remain largely undiagnosed and undertreated. The prevalence in rural areas is higher than in urban cities, but the treatment rate is disproportionally low.

The encouraging news is that in the newly announced "Healthy China 2030" action plan, improving the quality and equality of healthcare is high on the government agenda. Early detection and control of chronic respiratory diseases has become one of the major priorities. This will have a significant impact and benefit on a vast number of patients.

What role will companies like Omni take in developing China's healthcare infrastructure to ensure that more Chinese patients are being reached?

Today, the China inhalation market is still dominated by multinationals who represent nearly 80 percent of the total revenue. The high technical barriers in both device and dosage forms have

been one of the major hurdles to stop new players from accessing the market. With a combination of strong technical know-how, in-house R&D and manufacturing capacity, self-developed devices and patent clusters in place, Omni has developed a series of products addressing different needs across patients' journeys. In the next two years, we expect to launch four products into the market. We hope all the patients in need, urban or rural, rich or poor, will be able to access the trustable and affordable medicines developed by Omni.

The cost of manufacturing in China has started to rise recently and you have complemented your product offering by having manufacturing facilities. How has this affected investment and fundraising opportunities?

The finance market has tightened up significantly this past year. Investors are taking a rational approach, but healthcare remains a bright spot with a stable fundraising trend. The biotech with highest quality assets and robust R&D capability is the hottest sub-sector. Having manufacturing facilities is one of our strengths, as we could well manage the quality, supply and the cost on our own. Furthermore, we have a series of patents on our innovative devices, which has put us in a good position for further innovation at a controllable cost.

There have been many regulatory changes in the last two years. How do you foresee market access moving forward?

Overall, it's a promising trend; encouraging true innovation, high quality, and fair competition. The government wants to provide universal and bearable medical coverage to Chinese patients. This may result in short term pain to off-patent originators and low-quality generics but will certainly bring long-term gain for the industry and the patients. We have strong confidence in the necessity and quality of our products. We are looking to prove it through clinical studies which are being supported by nationally-leading KOLs. We will build our brand in leading hospitals, win trust and endorsement from physicians, and work with payers to make our products affordable and accessible.

Currently, 80 percent of national sales within the respiratory area in the industry come from only 25 cities in China. However, there are 293 prefecture-level cities and over 300 county-level cities as well. The needs in the broad market and the low-tier cities remain largely unaddressed.

Based on your previous experience and your current vision for the company, do you plan to recruit a large sales force or opt for a more innovative strategy?

Salesforce is an important promotional channel but not the only one. We can leverage different channels including both face-to-face and digital interaction. With the rising talent costs, I believe every company is trying to find more efficient ways to build, sustain and broaden the coverage. The 4+7 policy, a pilot program launched last year to centralize procurement is being rolled out to more cities and the impact on the industry practice will be significant. We will closely monitor the policy trend and market dynamic and shape our salesforce strategy as part of the product launch process. I hope we can build an elite salesforce who have good medical knowledge and excellent communication skills that can serve as a bridge between our company and the customers.

With so much competition for talent, is recruitment ever a challenge for Omni?

It's a challenge not only for Omni, but also for all biopharma companies in China in what is a "Talent War". The average turnover rate among multinationals in China is 28 percent. Many talents jump between different Big Pharmas and local start-ups. It's a dynamic market with a lot of opportunities, everyone is scrambling for talents. I would not say it is easy, but we did manage to attract talents from MNCs with rich experience and strong passion; a promising start!

Your company philosophy emphasizes Patients, Respect, Innovation, Dedication and Excellence (PRIDE). How does this factor into the everyday running of the company?

These themes are very important! 'Patient-centered' and 'respect for life' are two fundamental themes guiding our everyday practice. We need to constantly remind ourselves of the meaning of our work, make relentless efforts on innovation with no compromise on product quality. If we live our values every day, we will grow Omni with PRIDE.

What is your vision for Omni over the next five years?

We aspire to see Omni become one of the leading players in the respiratory area, a trusted company for physicians, patients and all stakeholders, a vigorous organization full of talents and passion. China is in a golden era of innovation and quality. In China, we have a saying: *'ride the tide.'* Now is the best time for Omni to bring innovative medicines to patients across China and

beyond with our world-class inhalation technology.

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