Brian Mi â?? President, IQVIA Greater China

We want to leverage data, information and technology to transform the way medicines are developed so that they can be delivered to patients more quickly and effectively

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Brian Mi, president of IQVIA Greater China, shares IQVIAâ??s leadership position in China in both the commercial and R&D space, building on both IMS Health and Quintilesâ?? market positioning in China prior to the merger; the CORETM components of IQVIAâ??s competitive advantage and their transformation into a

Human Data Science company; and his personal excitement to be part of IQVIAâ??s mission to transform the way innovative medicines are developed and delivered to patients.

Brian, firstly, how has the integration of IMS Health and Quintiles proceeded in China following their 2016 merger into IQVIA?

You might be aware that the Asia-Pacific region was actually the first region to begin the integration of IMS Health and Quintiles following their merger into IQVIA in 2016. However, in China, we decided to take a very cautious approach. Both businesses were growing nicely and rapidly so we wanted to safeguard that and ensure minimal disturbance to their operations. This is why the integration of both businesses into IQVIA in China only began in October 2018, so by now, we have been operating as IQVIA in China for around five months.

Our whole foundation is built on data and information. We generate insights from this information to help clients make a decision. I was previously heading IMS Healthâ??s operations in China and Southeast Asia. Post-IQVIA merger, I actually spent a year overseeing North Asia including our South Korean affiliate, which had begun integration by that point, so I had that time to familiarize myself with the R&D side of our business.

Globally, 2019 will be the final year of integration and from our latest results, it is clear that we have overachieved a number of our targets and this is testament to our successful integration of the two businesses globally. As a result, IQVIA is now looking at the next step. Our chairman and CEO, Ari Bousbib, will announce our global strategy this year and I am very excited for the next stage of IQVIAâ??s growth.

Our aspiration is really to transform the CRO industry â?? that was the purpose of the merger. We want to leverage data, information and technology to transform the way medicines are developed so that they can be delivered to patients more quickly and effectively. IQVIAâ??s slogan was set as â??the Human Data Science companyâ?? â?? this will soon become a reality.

When it comes to the convergence of data, technology and healthcare, China may seem to be at the forefront of this. How important will China be in IQVIAâ??s global transformation?

China will certainly play a very critical role in IQVIAâ??s global strategy. Looking geographically, it is the US and the EU as a whole that still carry the torch when it comes to driving strategic

transformation, followed by China and Japan, but as a single country, I would certainly rank China amongst the top three in terms of our influence and expected role.

In China, the digital age is perhaps evolving faster than in any other country. Increasingly, there is more data captured and made available in a more structured way. This trend is clearly going to continue. But the biggest challenge, particularly for a service company like IQVIA, relates to access to that data. In China, it is still very unclear who owns the data, who can have access to the data, and so on. The legal and regulatory frameworks relating to this area are still very vague. In 2017, the Chinese government elevated healthcare data into a national security asset but thus far, we have not seen a clear definition of what constitutes healthcare data. For instance, if healthcare data is de-identified and anonymized, would it still be classified as a national security asset? This has huge implications for the advancement of Big Health Data. As the name suggests, Big Data means a huge amount of data. We are not talking about thousands or even tens of thousands of patient clinical data from clinical trials â?? which we can already obtain with e-consent and opt-in forms and so on. We are talking about millions or hundreds of millions of datasets!

Local or foreign, all data-driven service providers face the same issues regarding the lack of clarity surrounding access to such data. As a publicly traded company, we are committed to compliance so the lack of regulatory clarity is a challenge for us. Nevertheless, it is clear that the trend of convergence between data, technology and healthcare is irreversible. Once the legal framework follows and becomes more coherent, I am sure China will take a global leadership position in the use of Big Health Data. There are very few other places in the world that can truly claim to have Big Data.

As the worldâ??s largest clinical research and healthcare data consultancy with global expertise, how can IQVIA support the government in defining a clearer regulatory framework?

We have extensive international experiences with many governments globally, including those like the US or EU with the strictest privacy laws like HIPPA (Health Insurance Portability and Accountability Act), and over 60 years of experience and expertise in such matters. We can be a key player to support the Chinese government here and we are already doing so. At the end of the day, the value of the data lies in the insights you can generate from it. Data on the hard drive is just bytes. There is a common understanding across stakeholders that we need to advance in this area, which includes defining clear boundaries and rules of the game.

A very clear fundamental principle is to protect patient privacy. This is probably the most important consideration so we do advocate for patient data to be de-identified in an irreversible manner. IQVIA actually already has a patented product for this to be done. This is just an example of how we can provide the tools and expertise to support the government in this endeavour. Another important consideration is to have the Chinese government oversee, manage and provide all the healthcare data. The technology already exists to generate datasets from raw data without providing access to or revealing the individual data points (i.e. information about individual patients). For companies like us, we only require access to the aggregated data, not individual patient data.

There are many competitors in this field, especially in China. How will IQVIA differentiate itself from the competition?

First of all, we are in a very good position. Through Quintiles, we are viewed as the top CRO in China whether you look at quality, scale or talent. We are seen as the best. On the data side, IMS

Health is also unique because we are seen to have the best product consistency. While there is local competition in that space, the fact is that once a company reaches a certain size, they inevitably come to us because their previous data provider can no longer meet their needs. They need better and more comprehensive data to support them in making larger and more strategic decisions. Therefore, we are already in a very strong position within the competitive landscape in China.

At the same time, we also have the largest healthcare consulting team in China with around 140 employees as well as around 200 employees for market research. Whether you are talking about regulatory strategy, commercial product development, product launch, pricing strategy, market access, lifecycle strategy, sales force effectiveness, portfolio strategy, operational strategy, technology â?? we can help you. We know everything. That is very unique.

We have also defined our four â??CORE^{TM}â?? components that truly differentiate IQVIA. The first is domain expertise: for many of the most innovative therapies, we have been involved in their development since the beginning, including immuno-oncology and CAR-T. For instance, we are actually doing all the CAR-T work in China.

The second is unparalleled data: globally we have data from 600 million electronic medical records! That is eight to nine percent of the global population!

The third is transformative technology, which will make companies more productive and efficient. This includes platforms for digital marketing, virtual sales representative support, and so on.

The last is advanced analytics. Data is just data at the end of the day, we need to derive value from it. IQVIA will actually implement these technologies and analytics in our own internal operations and processes to test their power. After all, we need to use it ourselves if we want to convince our clients to use it!

Coming to the Chinese healthcare landscape, the past three years have certainly ushered a lot of regulatory and policy changes. How much and how quickly will they change the status quo?

Firstly, we must understand that the China pharma market in the past has been rather abnormal with a predominance of â??evergreenâ?? products: off-patent originators that continue to perform exceedingly well past their prime due to the lack of acceptable generic alternatives. Existing generic products in China used to be of a very questionable quality so patients and physicians preferred to use imported, branded products. This drove up healthcare costs significantly. The Chinese government had been aware of this issue for a long time but the problem is that if you try to eliminate all the low-quality generics, you end up forcing a lot of products off the market. In recent years, credit must be given to former CFDA Commission Bi Jingquan, who had the courage to implement the reforms strategically: first by implementing the generic quality consistency evaluation (GQCE) to phase low-quality, non-substitutable products off the market. Once the quality of local generics can be trusted, the prices of the â??evergreenâ?? branded products will inevitably fall. This means lower healthcare costs and more government resources to allocate to the reimbursement of newer innovative and life-saving products.

What has come as a shock most recently has been the 4+7 volume-based procurement policy â?? and in particular, the degree of price reductions, the speed of the implementation, and the â??lowest-price-takes-allâ?? format. In this way, the transformation of the Chinese healthcare industry has really been accelerated. The momentum is clear.

> Overall, the assessment is that we are finally moving towards a very healthy healthcare system, which is ultimately positive for all players.

As for its impact on the industry, firstly it has forced many multinationals (MNCs) to go back to their roots, which is innovation. To do this, they must first deal with their mature product portfolios in China. Mature products represent 75 percent of MNCsâ?? business in China! At the same time, the real question is whether their portfolios truly meet unmet medical needs in China. That should be the prime consideration. The follow-up question is whether MNCs want to play the low-price game. If GQCE continues, which we believe it will, MNCsâ?? mature portfolios will definitely be under pressure. That said, we believe branded products will still command a premium over high-quality generics, but it will probably hover at a level of 40 to 50 percent, not the 400 or 500 percent we see now!

For local companies, they now have to face the reality of competing with international companies on innovative products and decide how much of their portfolio and investments should be allocated to innovative drug development. Looking at the US, we see that a few large generic players like Teva and Mylan are very successful, with low margins but very large market share. I believe half a dozen or a dozen of such domestic, high-quality generic companies will also rise in China and grow to a huge scale in order to compete on price, and they will eventually fulfil a large part, if not the majority, of medical needs in China.

Of course, we are also seeing a new wave of what we call â??emerging biotechsâ??, manly situated in Zhangjiang Hi-Tech Park in Shanghai, and we are very happy to see that the reforms have opened the door to reimbursement of new and innovative products, which is critical for a product to be commercially successful, especially for small companies.

Overall, the assessment is that we are finally moving towards a very healthy healthcare system, which is ultimately positive for all players. We can see that globally, with one or two exceptions, China has already risen to become the top three affiliate for most pharma MNCs. We should expect

to see even more growth due to a very interesting fact: 20 percent of the Chinese pharma market today is still occupied by Traditional Chinese Medicine (TCM). If you remove that, Chinaâ??s pharma market is still technically smaller than Japanâ??s! But already, many MNCs have already put China under the direct management of global HQ and as the Chinese market inevitably continues to grow, the importance of the Chinese affiliate will only continue to grow.

On a more personal note, we are seeing many seasoned pharma MNC executives heading into the local pharma ecosystem, taking their expertise and experience with them. What have kept you with IMS Health and now IQVIA?

There are certainly many opportunities and also many challenges for executives who move to local companies, either you join a mature local company or an emerging biotech. A mature local company is actually more challenging to adapt to because the culture is very different and you have to contend with the existing social networks within the company while emerging biotechsâ?? corporate cultures fall somewhere between the local and the MNC culture, and perhaps leaning more towards the latter. It definitely takes a lot of courage and adaptability to move from MNCs to local companies.

At the end of the day, however, it is all about what you want to achieve. IQVIA is very unique. Previously, IMS Health operated only on the commercial side but after the merger, we now have a full-service platform â?? from molecule to product, as we say. We play in the commercial space, the R&D space and even the technology space, which is not as well-known but represents ten percent of our business! We are already the top CRO and the top health data company in the world and now we want to combine both areas to form a truly unique human data science platform that will transform the industry.

For me, it is the journey to define what IQVIA can become that truly excites me. It is uncharted territory. I have the opportunity to change how innovative drugs are developed. We have all the right tools and pieces, and if we can put them together, the results will be phenomenal. IQVIA has a truly powerful platform and vision for the future and I cannot see any other company doing what we want to do. I truly believe that we are best-positioned to make this revolution happen and I am excited to be able to contribute to this mission.

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