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Koreaâ??s strength really lies in phase II and phase III clinical trials, which is where Daiichi Sankyo holds an interest

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Dae Jung Kim, president of Daiichi Sankyo Korea provides an insight into the rationale behind the companyâ??s focus on the cardiovascular therapeutic area in South Korea. Mr Kim also reveals how Daiichi Sankyo Korea plans to embrace the companyâ??s global strategy of expanding into the new area of oncology.

How have you leveraged your experience of working in the global headquarters in Tokyo to advance the Korean affiliate?

I spent six years at the headquarters in Tokyo, spending four years at the strategic planning department, and a further two years in the international business department. While working in strategic planning, I became acquainted with the rationale behind mid and long-term objectives. I was also involved in strategic alliances with other companies, related to M&A issues. Through this experience, I gained an understanding of the different approaches taken at the global level.

After moving to the international division, I was assigned responsibility for several Asian market affiliates. This provided me with an understanding of how to run a local affiliate, and also how to create a synergy between the headquarters and the regional or local offices.

Prior to the merger between Daiichi and Sankyo, Daiichiâ??s Korean affiliate struggled to gain traction in the local market, the focus instead on China and Taiwan. Daiichiâ??s only presence was through antibiotics, co-promoted in alliance with Jeil pharmaceutical.

In 2005, the two companies announced the merger, that would establish the single Daiichi-Sankyo company by 2007. I moved from the headquarters to the Korean affiliate following this announcement in 2005, preparing Korea for the introduction of Sankyoâ??s presence in Korea. Sankyo is renowned for discovering the statin in their laboratory, although the first product was developed by MSD. We introduced Sankyoâ??s statin product Mevalotin into Korea through a co-promotion agreement. The following year in 2008, we introduced Sankyoâ??s anti-hypertension Olmesartan product, again with a co-promotion agreement, but with Daewoong Pharmaceutical.

Daiichi Sankyo Korea recorded revenue of 120 billion Korean won (USD 100 million) in 2017. How have you developed this success within the cardiovascular therapeutic area?

After merging, every year we introduced a new cardiovascular product into the market, enabling the company to grow. This continued until 2013, when we reached 100 Billion Korean Won (USD $90 million), with a 32.7% CAGR between 2007 and 2013.

We introduced a double combined product containing Olmesartan and Amlodipine, and later a triple combination product by adding Hydrochlorothiazide.

Nonetheless, we faced a large challenge in 2013 when the patent expired for Olmesartan. A drastic price cut decreased the revenue substantially, by around 20 percent, and also affected the double and triple products, in spite of their exclusivity in South Korea.

Initially, we focused on the triple combination market, where we have an exclusive product. However, this market is very difficult in South Korea: drug prescribers are very reluctant to change from single or double combination to triple combination, despite the fact that it brings the patient a number of benefits, such as a reduced pill burden and more efficient price. There was a clear resistance to embracing this change.

This led to us developing a company strategy to take us up to 2020. It was decided that Daiichi Sankyo should lead in the cardiovascular area. Thus, the antibiotics division was spun-off, with full concentration placed on the cardiovascular segment. We have a strong market strategy and a good portfolio management. In the real world, there is hesitation to spin off products, fearing the short-term loss in revenues, despite the long-term benefits this could bring.

As a result of this new strategy, in 2016, we introduced our NOAC product, an anti-coagulant substitute for Warfarin, which proved to be Daiichi-Sankyoâ??s big success and reversed the fortunes for the company in the cardiovascular area. This year we expect annual revenues of around 170 Billion Korean Won (USD $150 million).

How will Daiichi-Sankyoâ??s global shift towards oncology manifest itself within the Korean affiliate, given that South Korea is now a solely Cardiovascular market for Daiichi-Sankyo?

Daiichi Sankyo has developed several long-term initiatives to become a â??Global Pharma Innovator with Competitive Advantage in Oncologyâ??. The first is to have a specialty area centred on oncology as the core business. Secondly, Daiichi-Sankyo strives to have enriched regional value products aligned with the regional market: each region and affiliate has a different market, and thus each affiliate has developed its own unique area of expertise, which will be respected. Therefore, Daiichi Sankyo, having invested such resources to create our cardiovascular portfolio, will continue to concentrate on this area within South Korea.

We have therefore developed two pillars for our future embracement. First, we are going to continue to be a flagship for the cardiovascular area, and endeavour to strengthen this position, becoming a partner of choice for other companies that are weak in the cardiovascular field. The stronger our performance in cardiovascular, the more attractive we will be for prospective partners in the future.

Our second pillar is to develop the oncology field according to the global strategy. The first oncology product will reach the Korean market within two years. We have already recruited a medical doctor as a head of our oncology department.

Daiichi Sankyo has comparatively high spending on R&D, at almost 25%. How can Koreaâ??s strong clinical trial environment play into this innovative mindset?

Daiichi Sankyo has little interest in the early phase clinical trials in Korea. However, Koreaâ??s strength really lies in the phase II and phase III trials, which is where Daiichi Sankyo holds an interest in Korean clinical trials. We are maintaining active involvement in global oncology studies, contributing to the enrolment of patients. Consequently, the headquarters in Tokyo is very interested in this clinical platform.

How important are marketing partnerships with local firms?

We do not have the structure to reach the general practices (GP) and Clinical areas alone. This is a common feature of multinational companies in the Korean market, forcing us to create co-promoting agreements with the local companies. For the GP market, we do not have any strategy but trust the expertise of our local partner. For the national market, we have co-developed a marketing strategy with our partners. In contrast to the European and American companies operating in South Korea, we are more focused on reaching the prescribers, delivering our information through symposiums; recently we conducted various types of new Korean data, publishing this and presenting it in these symposiums.

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