

Allison Rosenthal – General Manager, Otsuka Canada



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Having managed the Canadian affiliate of Otsuka from its infancy steps, Allison Rosenthal, general manager, highlights the affiliate's feat to exceed expectations for the performance of each of its launches while maintaining extremely high employee engagement. Otsuka's specialization in mental health also leads Rosenthal to call for better support from the government when introducing innovations to Canada.

Allison, having headed the Canadian affiliate for almost six years now, what have been the key milestones of Otsuka in Canada?

In 2014, Otsuka Canada launched its first product: a long-acting injectable in the area of mental health, with indications for schizophrenia and eventually also in bipolar disorder, Abilify Maintena®.

In 2015, we had the good fortune of launching a first-in-disease: Jinarc®, for polycystic kidney disease. For me, it was the first time throughout my career, that I was privileged to be introducing a product that brings relief to patients that never had access to a treatment before and had to face a life with dialysis and probable kidney transplant. It is very special and gratifying to be able to bring such a product to the market, offering patients suffering from this genetic disease hope for a different future. At the same time, the launch of Jinarc® was challenging, as the infrastructure surrounding the launch was inexistent and had to be built up entirely, from engaging the nephrology community

to the mobilization of patient groups.

2015 was followed by a consolidation year, and in 2017, we obtained approval for another innovation for mental health patients. Our next area of growth will be in Oncology and we are looking forward to introducing some interesting innovative products in that therapeutic area.

How is Otsuka Canada different today from when it first started operations in the country?

Otsuka started with operations in Canada in 2010, with the intention of launching innovative products to the market. Canada was attractive to Otsuka because of its openness to innovation, good R&D infrastructure and the great talent pool.

Since I joined the company as general manager in 2012, we have successfully launched three products, navigating through the CDR (Common Drug Review) and the pCPA (pan-Canadian Pharmaceutical Alliance). Today, we have a well-established foothold here, having experienced significant growth: we have over 100 employees and the ability to attract great talent through our enhanced reputation and collaborative culture. We take great pride in our evolution over such a short time in the market.

Japanese companies often have a different approach to the definition of performance. How has the experience been for you personally after having previously worked at an American company?

The mindset between Japanese and American companies is truly very different. Before working for Otsuka, I would do long-term planning on a horizon of three to five, at most ten years. Now, I work for a company that has a much longer-term plan and strategy.

One aspect that is great working at Otsuka is the freedom we are given to operate, even though we report to the US region. We are allowed to make mistakes as long as we learn from them. Expectations are not set according to shareholder value over a 12-months period but instead a longer-term focus. When starting out, we had certain goals to attain. We attained these goals early, and thus obtained further freedom in our operations. *Jissho-Shugi* (additional responsibility through execution) is a concept that equally permeates our corporate culture, earning us additional responsibilities by delivering.

Furthermore, internal culture and engagement are essential, and Canada holds the highest engagement scores of any market of Otsuka globally. Engagement surveys are conducted in our company every two years. We had attained a 92 percent engagement score in 2013 and increased it to 96 percent in both 2015 and 2017, in parallel of growing and experiencing additional challenges. This nourishes our pride of achievement as much as profit or sales performance.

A final point is our HR focus. Since 2012, we have had very little turnover since we focused on recruiting amazing people. This is not a by-accident evolution; we establish our culture with intention. In this regard, our comparatively small size is helpful, and we believe in consensus decision-making as much as possible. Most of us on the leadership level come from big pharma and came here to build something, taking the best of our experiences to create something of our own. Therefore, we have the certitude that our personal values are in line with our professional values, and that we are all ready to roll up our sleeves and engage in various activities in this particular working environment. I learned more in the past five years than in the fifteen previously, not because I did not love my job

before, but because the environmental exposure was fundamentally different. In my sixth year at Otsuka I am still equally energized by the entrepreneurial spirit we experience here, all of course with the safety net of our mothership in Japan.

A large part of my energy is dedicated to maintaining the high employee engagement that in turn ensures low turnover, not just here in Saint-Laurent, but across the country, from Atlantic Canada all the way to the West Coast.

How has your portfolio strategy unfolded and what is in the pipeline for the future?

Otsuka has currently three products in its portfolio in Canada, with two additional ones that we do not actively promote. Our main revenues come from the neuroscience space, with our treatments for schizophrenia and bipolar disorder. In the near future, we are hoping for new indications for major depressive disorder, the approval is pending with Health Canada.

Abilify Maintena® has met and even exceeded its set goals every year since its launch in 2014. Rexulti®, our 2017 launch only looks back on half a year of sales and already exceeded expectations as well. For Jinarc®, we did not have any initial solid basis for our targets, as its first-in-disease characteristic prevents a clear benchmark, however we build a challenging target and nonetheless exceeded expectations every year.

Next to mental health and nephrology, we are also increasingly focused on oncology, looking to file a first product with Health Canada in the near future. Otsuka is taking a franchise approach in this therapeutic area, and we were given three products to file within the next three years.

How do you successfully navigate the complex and very fragmented Canadian healthcare landscape?

Since 2012, we grew twelvefold in terms of revenues and increased our headcount fivefold. This success was largely ensured by the concentrated expertise our employees bring to our operations. The average age at Otsuka Canada is 45, and our ability to leverage previous learnings while adopting a strategic approach has allowed us to successfully navigate challenges. We have demonstrated an ability to be creative and come up with strategies that did not fear risks.

Our two neuroscience products were launched in a 50/50 partnership with Lundbeck. This was done in a "one plus one equals three" mindset. Regarding market access for instance, they contribute field market access people, while we contribute a patient support program team. We can, in this way, complement each other's strengths well.

Additionally, being an active member of the industry through my presence on the board of IMC (Innovative Medicines Canada), allows us to better navigate the Canadian landscape while having the opportunity to rely on support from the US in certain functions.

Finally, we try to network as much as possible. It is and never will be our goal for Otsuka to become a household name in Canada. We want the people we interact and work with to appreciate us for our qualities. We achieve this by working on our internal culture, which will translate to our external customers, patients and stakeholders.

The government has stated that mental health would be on the list of its top priorities moving forward. Have you seen any advancement in this regard?

I frankly do not see any promises translated into actions. In the mental health space, we have succeeded in navigating Abilify Maintenance[®] through the CDR and the pCPA and it is today reimbursed across Canada. For Rexulti[®] however, we have seen some slowdown in the negotiating process of pCPA. In this regard, we do not see the dedication to mental health and I would like to see the government actually walk the talk.

I personally believe in the pCPA, but some price requests for innovative branded products are not realistic and not sustainable. I think a conversation would be beneficial, but we cannot obtain meetings with the body as of today. This is especially ironic in mental health as this area is not a major cost driver for the government. At the same time, we hear physicians repeatedly asking for more innovative products to be introduced in the market, as in mental health people tend to cycle through medication. Not every drug works on every patient and then again, a drug sometimes may only be effective for a short time. Therefore, physicians call for choice. There is an opportunity for more collaboration between manufacturers and the government to help sustain the system.

How does Otsuka, a company globally spending 21 percent of its revenues on research, tap into Canada's R&D potential?

Otsuka is above and beyond in terms of research. Nevertheless, I would like to see the common understanding of what research is to be broadened to encompass also clinical research, phase IV research, real world evidence research. As many of our fellow IMC members, we strongly believe in research and see a multitude of opportunities to advance science. We want Canada to remain a Tier 1 market and to ensure a strong research footprint is maintained in Canada which will ultimately help the Canadian economy and Canadian patients.

Jinarc[®] is a prime example of Otsuka's dedication to science. Health Canada approved it second after Japan, showing a lot of collaboration and creativity in approving a first in disease with a lot of unknowns. Otsuka is all about science and remains committed to advancing research in uncharted territories.

What will be the key priorities you will be pursuing moving forward?

I will be focusing on continuing to develop our culture while enhancing the customer experience. We wish to bring value beyond the medication. Furthermore, I aim to grow the profitability of our business and sustain it.

Finally, Otsuka will remain dedicated to drive conversations forward. I see our perception by the public and often witness pharmaceutical companies being portrayed as the "bad guys." This shows we have to find a better way to engage with stakeholders and bridge the communication gap that is obviously present. I believe we should look at other markets and import ideas, because otherwise we will not be able to ensure a sustainable system. However, to reach that goal, we need to all sit together and talk. This is my dream.

What are some of the best practices the Canadian affiliate can export?

We are extremely perseverant, refusing to take a "no" for an answer. We started operations here from a blank slate; we established processes to not get lost along the way, while striving to maintain agility, and we have succeeded. Moreover, we have exported a lot in terms of patient support programs. We know that our work is about doing the right thing, not just the product^[1].

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