Interview: Michael Tremblay â?? President, Astellas Canada

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Michael Tremblay, president and CEO of Astellas Pharma Canada, Inc., draws upon his four decades of experience within the Canadian pharmaceutical industry to discuss his thoughts on the need for Canada to move away from a â??silo-edâ?? approach to healthcare spending, the value that Astellas has been bringing to patients in Canada through its innovative products, and the significance of what he calls â??the cocktail momentâ??.

Michael, as a veteran of the Canadian pharmaceutical industry with over 40 years of experience, how would you characterize this current period of regulatory and pricing changes and agreements?

I would say there is a little confusion within the industry regarding changes in the regulatory environment. The regulatory processes now seem rather unpredictable. From the perspective of managing a business, predictability is critical. There seems to be a greying of the line between different regulatory entities, with the perception being that they all seem to be doing a bit of everyone elseâ??s work. Effectively, this means that market access timelines are extending, not just in terms of obtaining market approval but also all of the hurdles that occur post-approval.

The majority of companies in the industry are multi-national companies (MNCs). They used to wait three months after major countries like the US, the EU and Japan, to file for new products in Canada, and now the minimum delay is six months, if not even longer. This impacts Canadaâ??s global position within the industry. Add the various pricing and reimbursement timelines, and we are looking at somewhere between three to three and a half years for products to be available to patients within the public system.

I believe our single biggest issue currently is access to innovation. As a general manager that has worked within the Canadian industry for over 40 years, I see this as an increasingly pressing worry. Canadians are not getting access to innovation as quickly as they should, relative to other jurisdictions.

The innovative pharma industry has operated on a sort of accord with the Federal government since 1991 where patent protection was provided in exchange for prices to be regulated and companies to commit to investing 10 percent of their revenues in R&D. Today, is a new framework agreement required?

We are certainly at a crossroads of sorts. That agreement is 30 years old and was made under entirely different conditions.

Certainly, Canada is under-represented when it comes to global R&D investment, which stands at around USD 100 billion. Canada accounts for between 2 to 3 percent of global sales, while pharma R&D spend in Canada is at around USD 1 billion or about 1 percent of global investment. This is despite our phenomenal research infrastructure, expertise and KOLs. Canadians punch far above their own weight across all therapeutic areas.

At the same time, a better research environment needs to be fostered. Health spending currently accounts for around 45 percent of a given provinceâ??s budget, including Federal transfer dollars. But the drug component is seen purely as a cost, not a potential savings within the system, due to the silo-ed nature of the system. We deal with drug plan managers that have to manage their budgets, so we need to justify the cost of our drugs rather than the value that we can provide along the entire healthcare value chain. Nevertheless, realistically speaking, drug spend is such a small component of overall health spending: 15 percent in total and around 6 percent for branded pharmaceuticals. The problem of unsustainable healthcare spending is far larger than the actual or perceived â??costâ?? of our industry.

It is imperative that all players â?? Finance ministers, Health ministers, drug plan managers, physicians, etc. â?? come together to find a better way to manage healthcare costs. Eliminating the â??siloâ?? approach will help guide innovation in the right direction because it will ensure that the products we launch generate savings within the larger healthcare system, and that those savings are seen and valued by payers.

What role do you think industry has to communicate the complexity of this issue to public stakeholders?

I believe that every individual company is having this conversation. As an industry, we are represented by Innovative Medicines Canada (IMC), which is working on a new initiative called â??Better Value, Smarter Accessâ?? to change the conversation from one of cost to one of value. I like to believe that other associations like BIOTECanada and the Canadian Generics Pharmaceuticals Association (CGPA) are also having similar conversations.

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One area we can certainly look at is innovative pricing models, such as risk sharing models, which are being used in other parts of the world. From a Canadian perspective, this has not really seen an uptake and pricing agencies tend to use a straightforward comparison pricing model. The predictability of this system is helpful for us but as I mentioned, we are now in a rather unpredictable moment. The Patented Medicines Prices Review Board (PMPRB) is looking at changing their pricing guidelines and in particular, changing the basket of markets we compare our prices to, so we are not sure what the future impact â?? on prices, health outcomes and innovation â?? might be until that is settled.

Coming to the Canadian affiliate, as president, how are you navigating these challenges?

From an Astellas perspective, we have a very innovative portfolio aimed at addressing unmet patient needs. Accessibility, while a little slower than other markets, has accordingly been very good. Gone are the days of â??me, tooâ?? products â?? frankly speaking, companies with a â??me, tooâ?? product should expect a â??me, tooâ?? price. But if it is a truly innovative product and you can prove it, then there should be value associated with that.

This is also why as an affiliate, you have to ensure that your company understands your needs from a market access perspective. The data packages and dossiers put together now have to reflect not just regulatory requirements but access requirements: how to demonstrate the value and innovation of our products. This will increase our chances of obtaining greater patient access.

It also stems from our roots. When I joined Astellas almost 18 years ago, the organization was very small, with only 20 people. Success depended on getting to know our customers very well and understanding what they needed from us. As a specialty-focused company, we are very comfortable operating in that space. For instance, when Astellas moved from immunology to oncology, people perceived that as a big move, but in reality, in terms of market strategy and behavior, the two specialty areas were very similar. Fundamentally, it is about identifying where it is that you can compete â?? and competing well in those areas.

Another advantage stems from the Japanese, longer-term business approach. Prior to Astellas, I worked for larger MNCs where the long-term perspective was quarter to quarter. The Japanese way, conversely, allows you to develop longer-term strategies â?? and execute them for a longer period of time before you stop and evaluate. Looking back in my work with previous companies, we probably stopped investing in programs that could have been highly successful in the longer-term, simply because we did not see results in the shorter term.

What are the growth drivers for Astellas here in Canada?

We started in Canada on the transplant immunology side of the business and we are still the market leader in that area. We entered the urology space following the 2005 merger, which continues to be a big growth driver today. Oncology is another significant, albeit relatively new, driver for us, and over the next five years, we are really going to have a strong oncology focus, which is very exciting. Our in-house pipeline is heavily oncology-based, and these are very much first-in-class or best-in-class types of molecules. This corresponds very well with Astellasâ?? philosophy of meeting unmet medical needs.

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As a company, we have also made some strategic acquisitions to support our urology franchise. In addition, our work in regenerative medicine fits quite nicely with immunology, and we are also present in ophthalmology.

You mentioned that one of your responsibilities include advocating for investment into Canada at the global level. How have you managed to build that business case?

The affiliate had started to build the business case quite early on. I am in fact the first non-Japanese leading Astellas Pharma Canada and the previous three Japanese presidents had invested a significant amount in establishing Canada within the global organization. Having worked in that environment for the past 18 years, I gained an understanding of what HQ was looking for, in addition to personally spending a great deal of time in Tokyo alongside my predecessors, building a valuable network of contacts.

At the same time, what is the perception of the Astellas brand within Canada?

Frankly speaking, we are not necessarily known to people the same way companies like Janssen, Pfizer or Roche are. It is not who we are or who we can be. But within the industry, we are well-known and certainly punch above our weight. Most importantly, within our therapeutic areas â?? oncology, especially prostate cancer, transplantation and urology â?? we are seen as leaders. Our mission is precisely that: to be leaders in the therapeutic areas we work in, because given our franchises and our company size, we have to be very focused.

Internally, we are guided by our company values, the â??Astellas Wayâ??, which sets the tone for the organization. Not only have we guided our employees with that, we have also focused on hiring based on those values. This is why we were recognized as a â??Great Place to Workâ?? in Canada. Our employees truly enjoy and value what we do as a company.

Coming up to your retirement, what final message do you have to your successor as well as the wider industry?

First and foremost, stay close to your employees and stay close to your customers.

Within Astellas, I hope we continue to work on maintaining the culture we have built. We will always face different and unpredictable challenges in the future, but with the right culture and sense of ownership in place, our employees will be able to respond appropriately.

Secondly, I hope Astellas will continue to work very closely with IMC and the rest of industry to change how our industry is seen, not only by payers but by the general public. Everyone in the industry has to face what I call the â??cocktail momentâ??: that moment at cocktail receptions when we are asked what business we are in. Many of them cringe when they have to say â??pharmaceuticalsâ?? because they know they will be met with some negativity. I want all of our employees to be able to handle that moment and talk about what the industry means to them.

I personally love the cocktail moment. For me, that moment is an opportunity to start changing the conversation and to communicate what the industry is really about and that is the patients that we serve. The industry is commercial and for-profit, but we are not selling widgets. We are selling incredibly meaningful products, we do so many good things and I am incredibly proud to be part of it. My wife has experienced a disease where pharmaceutical innovation really helped change her life. We all have that personal story of how the industry has impacted us positively. At the end of the day, it is about the patients â?? if we cannot bring what we do on a daily basis back to patients, we have missed the point entirely.

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