

Interview with Francisco Piccolo, President, Biogen Idec Brazil

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When we spoke with Mr. Barbano at ANVISA, he mentioned RDC 55/10 and his hopes that it will do for the biologics market what the generics law of 1999 did for the generics market. Are you as optimistic?

Biogen Idec has been very close to ANVISA and part of the discussions through Interfarma to provide our perspective on the biosimilar and biological regulations the government is now just about to be finalizing. In our view it's always good to have increased access to the best therapy possible for patients. Our perspective is always trying to focus on the benefit of the patient that is going to be benefitted by the regulation. We understand the government is going to try to make biologicals available by using what looks like so far to be the right approach. Namely, that biosimilars will not be interchangeable, and in order to be considered an approved local medicine, the product will need to provide enough clinical studies and necessary head-to-head comparisons. This seems to be the right direction to go in order to provide increased access for patients in Brazil. It's very positive for the country and its health care sector. Biogen Idec believes it can bring innovation to this scenario. The company has been very well-known and recognized as a company that innovates in the biotech segment, particularly in neurodegenerative diseases, more specifically in Multiple Sclerosis. Our vision of providing cutting edge science to increase quality and length of life is always going to be the direction for the company. Research and Development are important parts of our corporate DNA.

The expansion of Class C has been the story of the retail market, which remains 80-90% out-of-pocket. How has the government been doing to increase access on their side?

As far as we can understand, the government has decided to increase access and develop a strategy towards innovative technology, and what they have been doing so far is promising. A change was made last year to avoid purchasing drugs at the states level, and instead centralizing the purchase process, on some level, for strategic drugs. This has allowed maximize resources seeking for efficiencies, and important savings in the process of purchasing those drugs because they are now avoiding the intermediary of wholesalers and purchasing directly from suppliers like us. Recently there was an article in Valor Economico published by Alexandre Padilha, the Minister of Health, who said the government expects to have a substantial saving this year, because of that change in consolidating their purchase power to make a huge purchase and get more discount. Because of that, they are also able to add products to the list of reimbursed drugs. The government is making the right movement to use their purchasing power to make savings and increasing the list of reimbursed drugs.

One way to increase innovation is obviously in distribution of innovative medicines. Another is to encourage private capital to invest at the R&D level and clinical trial level. With biological plants sometimes costing 10 times as much as traditional ones, and being uniquely dedicated to a single molecule, it's a tough sell to bring them to Brazil, but what

opportunities do you see on this other end of the innovation question?

We understand it takes time because of the complexity in the process around innovative drugs and complex molecules. However the government says they want to develop the local pharmaceutical industry complex. They're investing on their own and also promoting and incentivizing PPPs. Many international companies try to partner with the government and bring part of the process of production as well as the process of developing innovation into the country. It's a long way to run, but the strategic direction seems to be the right one, as far as it can be flexible enough to understand that sometimes, building up a plant for biologics from the scratch will certainly take time, money and energy, so they have to evaluate alternatives for making it cost effective. In parallel, MNCs are also partnering with universities and teaching hospitals in order to bring more clinical studies, clinical research, and even basic research to the country. As a broad perspective this seems the right strategic direction. We all know it takes time, money, and energy, and of course to build up a plant in Brazil is a tough decision because of the investment and cost of local production. If the government wants to establish local pharmaceutical industry complex, and they are going to spend time and money on that, it seems logical to seek for the right partners and maybe start first with less complex medicines.

You yourself have just returned from Brasilia negotiating the purchase agreement with the government – what is the current focus of Biogen Idec's market position?

Biogen Idec is still focused in a prioritized manner on the Multiple Sclerosis market, as an expert company in the disease. We are now in a very well-established position in this segment with two of the most important medicines to treat MS patients, besides having very positive data for upcoming innovative products to be launched. We launched Tysabri in May, and we were successful in having the product made part of the reimbursed MS medicines by the government because the experts determined the drug would be part of the protocol and guideline to treat relapsing remitting forms of the disease. We are very well-positioned as a leading company in the MS market and we will bring two more products in the following years. In 2012 we will launch Fampyra, which allows patients have increased in terms of walking capacity, and Avonex Pen which is the self-injected version of Avonex, being the first alternative of an IM self injection of an Interferon. In 2013 we will also launch the BG-12 which is the innovative oral form to treat MS. Biogen Idec is also working to finalize its first effective therapeutic option for a highly threatening neuro-degenerative disease – Amyotrophic Lateral Sclerosis (ALS). Later, the company will also enter into the haemophilia market, providing innovative forms of Recombinant and long acting FVIII and FIX .

In talking about MS, innovation is obviously an issue, but so is awareness. May 25th was World MS Day, organized by Biogen Idec. To what degree is merely getting the word out an important part of the strategy?

Awareness is still very poor in general terms. It's still very common for people to confuse MS with simple sclerosis, which is linked to some kind of dementia for the elderly population. Education, awareness, access to the right information is also part of the strategy to bring knowledge to this market. The earlier patients are diagnosed, the better the treatment they receive. And the evolution of MS is better the earlier they treat. It's an important part of our strategy, to make people aware of what could be living with MS. Just to give you an idea, we've just launched a campaign named – Viver Bem Faz Bem – Living well makes you feel well, which focus on how MS patients and their respective caregivers can have a better quality of life when stimulating their 5 senses, with simple ideas, like appreciating the sounds of a music and the silence or even when tasting the flavours and textures of your meal. Usually patients go from an orthopaedist to an ophthalmologist and finally to a neurologist where they are presented, after two to three years, with the possibility that they do in fact have MS.

On World MS Day figures were given at 30,000 patients in Brazil. Is this an estimate, or those actually being treated?

It's an estimate. Currently, the Brazilian market treats around 10,000 patients with DMT's â?? disease modifying therapies. We usually say this number should be doubled, at least. The other 20,000 are simply not being diagnosed. One of the big challenges is to provide awareness, and subsequently access to diagnosis and treatment. Even the diagnosis is not an easy task for the general population. If they go to the public hospital system, it's not easy to have all the necessary exams, lab tests, and imaging they need. It takes time. It's common to hear from physicians about patients waiting two to three months for a single MRI. So, a co-ordinated effort is required in order to have all of necessary support to identify, diagnose and treat MS patients, besides providing them all of necessary multiprofessional support.

In 2007, Biogen Idec entered not only Brazil but India and China. What's the importance of Brazil in the overall portfolio?

The company is really giving the right perspective to emerging markets. Brazil was in the past part of international operations, and along with Argentina, Chile, and Uruguay, reporting to Europe and taking part in discussions with mature markets like Germany, France, and the UK. The company has decided to reorganize geographically and we have just now created the emerging markets region. Biogen Idec has brought a Senior VP to lead emerging markets, within which Brazil is certainly among the most important due to its stable social and economic environment, growing purchase capacity and healthcare policies.

Is there a uniqueness or particularity to Brazil, and what are the challenges at the top of your priority list?

The top priority now is to really leverage the organization towards what we call an â??excellence organization.â?? Biogen Idec wants to build and leverage the corporate image among the local stakeholders of governments, patients, and healthcare professionals. Because the company is still young here in Brazil, and we are not a kind of Retail Company everyone knows, we have to bring the best from the corporate perspective into the country. We have to leverage the corporate image locally and really position the company as the innovative company for MS patients and degenerative disease. That's the most important element looking from the outside. From inside the company, we also need to promote the importance of Brazil in the perspective of emerging markets and bring the growth the company expects to have in a sustainable, transparent, ethical, and compliant manner. As a public company, Biogen Idec is ethical and transparent and does its best to promote the benefit of our products with the right perspective and approach to our customers.

How is it, attracting people as a young company in a red hot labour market?

It's not an easy task, again. But for me, I've been working in the pharmaceutical industry and the healthcare sector for the past 30 years. I have my own network that I can trust. A company like Biogen Idec must be very careful, because we can't take the risk of bringing the wrong person when it comes to professional background, but particularly when it comes to personal values. We want an entrepreneurial approach of talents who really wants to make the difference in their specialty. Also, we value very much the references our employees themselves can make to identify talents.

In addition to an MBA, you also have a psychology degree. Are you mentally profiling these new recruits?

It's interesting how a business is managed in the healthcare sector, which is a very specific market. The way you make clear the direction, mission, vision, and values and why you are here, to wake up every single morning and bring your best. Here, if you don't do your job, nobody will, because we're an innovative, but still small company. I personally interview everyone in this company, from Director to Interns. I am always making myself available to everyone, and I try to focus not only on the technical aspects and the professional backgrounds of candidates but also at their personal style and values, because I truly believe that if we can bring people who can really align personal and corporate values, we will have a very successful organization. I would say that I'm spending more than 60% of my time with people. Coaching, supporting and trying to make them feel they're working for the right company at the right position. Because we are building up the company, making clear the culture, direction, priority, and style, which are critical to me are very important aspects of building the culture of excellence. I have one-on-ones with my direct reports every week to discuss what really matters to that person as an individual. I dedicate time to bring the best from my team, feel confident, raise questions and challenge the organization and the culture and strategy. So, my educational background has helped me a lot on that.

Speaking to that strategy, what is it for Biogen Idec Brazil going forward?

Our ambition is to double the size of the company in the next three years. We envision the possibility of not only growing with the major product Avonex and the new product Tysabri, but also launching innovative products as well as gaining some efficiency. We're very excited, because we all know we have a lot of challenges in the years ahead, but we're getting prepared for them: hiring people, organizing our office and affiliates, establishing processes. I would say we're on the right track. I'm feeling very happy with my first 12 months in the company. Biogen Idec has a beautiful pipeline and very solid, major products, and also some space for gaining efficiencies in the way we work and approach the market. We foresee more MS sales to build up the corporate image, more clinical studies, and building up trusted long-term relationship with our customers.

On a personal note, you mention waking up and knowing why you go to work every morning. What keeps you coming to work after 30 years in the industry?

It's a good combination of working with people, really loving what I'm doing in building an organization and team, and also having the patient at the end of the perspective at the center of what we're doing. Biogen Idec is not selling any kind of gadget, or shoes, or painkillers. We are selling products to change peoples' lives. If we have that in perspective, we will continue to have the patients close to us and meet them at events like World MS Day. We just launched our corporate culture initiative called "Next" and it was reinforced by the CEO and senior leaders that we have the patient at the center of the company. The company started up within a lab with two scientists trying to provide something that would change peoples' lives. This is what makes me really feel excited: to change peoples' lives. And I am personally challenged to build up a high-performance organization in the country. To see people smiling when they come to the office is very motivating and I don't see any alternative. What inspires people is knowing what are we doing and where we are going as a team and I want to be part of that. We are writing our history in this country, and we welcome to anyone who wants to help us write it.

What's your final message to Pharmaceutical Executive readers?

I feel very proud of being Brazilian and seeing the moment the market is facing. I have been working 30 years in the industry and I've seen good and bad, such as MNCs wanting to leave the country in the 1980s. But over the last 10 years the country has made clear we are more transparent, stable, and regulated. Brazil has decided to provide universal coverage for its citizens, and what really matters here is that the country - the Minister of Health, the leaders - they are always trying to provide increased access to healthcare and medicines. Brazil was the first country to provide

treatment for HIV patients for free, and currently provides antiretroviral therapy for some 125,000 citizens. This is in addition to other ailments like hepatitis, chronic kidney disease, and MS. I'm personally very proud of being Brazilian. Biogen Idec has challenges as a provider, supplier, and player in the segment. But the environment is more transparent, better organized, and the rules are clearer. I had the chance to be abroad for two years, and now that I'm back, I know it's the right time to be in Brazil if you really want to build up something to last.

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