

Interview with Leonhard Terp, General Manager Specialty Pharma Business Unit, Shire Deutschland

08.12.2009

Tags:

[Shire Deutschland](#)

The acquisition of Jerini has to be one of the biggest milestones for Shire Deutschland in its recent history. How have the synergies developed between the two companies, and how is the integration progressing?

To quote Dr Werner Föllmer, head of Shire Deutschland's Human Genetic Therapies Business Unit, "The integration of Jerini it is not yet completed. Shire expects to achieve this during the next year. The main factor for the merger's expected success is very simple: Jerini is one of the most successful German biotech companies. Shire Deutschland, business Unit Human Genetic Therapies (HGT), is committed in providing enzyme therapies in rare storage diseases such as Fabry disease and Hunter syndrome. Jerini's approved product Firazyr is for the treatment of patients with hereditary angiooedema (HAE), which is also an orphan disease. This shows a clear commitment and dedication to patients with these kinds of rare genetic diseases. Adding the knowledge of Jerini and the asset of Firazyr will enable Shire to continue as a speciality company, very focused on the treatment of rare genetic diseases. The company can achieve its goals by using a relative small sales force with high knowledge and competence in this area."

Shire has two distinct business lines: HGT and Speciality Pharma. How have these two business lines evolved at Shire Deutschland, and how do they interact today?

Shire Deutschland was founded in 1999, and started with licensed cardiovascular products as a first step, because we were waiting for the first Shire products to hit the market. We built up an infrastructure for both our Speciality Pharma division and our HGT division.

The business models of HGT and Specialty Pharma are different, due to the two different ways of marketing products. HGT deals with a patient number of less than 2,000 globally, which is very different to products our Speciality Pharma division brings to the market in such fields as nephrology and phosphate binding, which require a more sales-force based approach. Speciality Pharma has bigger target groups of between three and four thousand physicians, whereas HGT only deals with around hundred physicians who are all based in Centres of Excellence.

Very soon, both our HGT and Speciality Pharma teams will be moving to a single office based in Berlin, which is another step towards moving closer together.

The main part of Shire's revenues come from products that have been launched in the last two years, and the company has is in the process of embarking on an ambitious internationalisation plan.

These levels of growth are very impressive, but what steps is Shire taking to make sure that this growth is sustainable?

Several factors ensure that Shire's continued growth can be sustained over the years to come. One of these is the technology platform of our HGT business, which makes it possible to potentially launch innovative products at a higher frequency. The other is that Shire is the only company that has a true franchise in the ADHD space. ADHD has been one of the fastest growing medical areas over the last five years in Germany where the market has grown from €16 million to €100 million in value, due to the fact that the knowledge, awareness and acceptance of this disease are increasing. This is also happening in other countries where awareness of ADHD is relatively low.

Shire is a leading company in ADHD, due to the fact that the company has innovative franchise of products for this disease, and one of the key advantages of this is that physicians need to tailor the ADHD treatment for every patient. Next week, Shire will launch Intuniv in the US, and two years ago we launched Vyvanse, and now in Europe the company has acquired Equasym from UCB. Shire has five ADHD treatment options in our portfolio, and in the long term, Shire plans to expand our ADHD footprint to other regions of the world, which will be very important for ensuring sustainable growth.

Another factor in future growth will be in gaining indications for ADHD in adults. No country in Europe currently has an adult indication. This disease does not stop at the age of 18, and so there is a need for adult treatment. The US market has already shown that there is a need for this focus on adults diagnosed with ADHD.

Shire continues to create products in an innovative style, and the company currently operates in a number of international markets and distributes its products in others. Globalisation for Shire means that in the mid to long-term the company will expand to Latin America, portions of Asia, and other regions. In the last year, this process has already begun, and Shire will continue to increase our approach in these markets in the years to come. Due to the development of the US market and the change in health system in the US, the country currently generates 70% of Shire's sales. The company's aim is that by 2015, 50% will come from the US, 25% from Europe and 25% from emerging markets.

How much of a challenge is it going to be for Shire to focus on these new markets whilst at the same time maintaining its established markets like Germany?

Shire is now established in the top five countries in Europe, with a high quality infrastructure, which enables the company to work with the skills it has in these markets. However, the company also has to develop its knowledge to cover these emerging countries. For example, Shire already has a presence in many of these countries through our HGT products. They have quicker access to such markets due to the fact that many of their drugs have orphan status. In other markets, Speciality Pharma has a presence through distributors, with whom Shire has a lot of experience. The internationalisation process will work along these two lines, and if at any point the company can have a presence in a country through both of these divisions, it will look at establishing a subsidiary.

Partnerships and acquisitions have traditionally fuelled the growth of Shire over the last 20 years. Given the global climate in the pharmaceutical industry today, and the drive for sustainability, how do you think that will impact the growth of Shire in Europe and Germany?

Shire will continue to grow along traditional lines if the company is presented with opportunities to gain assets and products along its existing product lines. The company is not interested in indications like cardiovascular, as it is important for Shire to stay in the speciality field, which allows us to use smaller sales forces and experts in these fields. We will continue with this strategy of focusing on niche therapeutic areas, and if there is an opportunity for acquisition, Shire will look to

maximize those situations.

Jerini is a perfect example of Shire leveraging Germany's renowned biotechnological expertise. Do you think that biotech will continue to play a role in the company's growth, and what are the opportunities presented by a presence in the German market?

Jerini is one of five or six large and established biotech companies in Germany. Shire was very happy with its acquisition, but in the future M&As of this sort will be more difficult because of the competition. Big pharma companies are also trying to step into the area of speciality pharma due to the changing nature of the industry, and so are likely to compete for mergers and acquisitions.

What are the strengths that Shire has to compete against these multinationals?

Shire is very successful with these mergers and acquisitions due to the fact that the company is not too big. There is normally a better balance in size between the companies looking to be acquired and Shire, compared with other multinationals. The people working in these target companies are more confident choosing a smaller company, and on top of this Shire is quicker in its decision making processes due to its size, and can be more direct and streamlined in its communication.

Due to the fact that Shire is not too big, we can grow globally with open communication across the whole company. This helps to foster a very distinct culture, and brings a very emotional approach to the company, and the goals and objectives we are working towards. It leads to very strong communication across every level of the business. That brings a very strong connection to the company being integrated into the Shire business.

What steps do you take as a manager to pass that culture down into the company?

Due to the company's size, all of Shire's employees in Germany know one another very well. We also grew the company here in Germany together from scratch, so there is a lot of camaraderie. I started with two people, and today with our HGT business, Shire in Germany stands at one hundred employees. In the past, Shire was built on mergers and acquisitions, so it's not easy to find a culture that covers all the companies acquired. However, the level of trust and knowledge of the people made it easy to grow a culture because every company that has been acquired has been small and nimble, much like Shire.

The pharmaceutical industry these days is not just about selling a pill. There is also a responsibility to our patients and their families, especially with the kinds of diseases that Shire targets. We really recognise what it means to be a renal end-stage patient, for example, and what the disease means for the patient and the patient's family. We think about the important and practical things in life. Whilst Shire cannot go directly to the patient and does not want to do this, we support patient associations and work in cooperation with them. Everybody at Shire Deutschland knows what it means to help these patients, and the responsibility that brings.

You must feel it particularly strongly, having built the German affiliate from the ground upwards.

Having the opportunity to create the affiliate in Germany was fantastic. I come from local, family driven companies. This is quite usual: family companies drive more than 60% of the national pharmaceutical industry in Germany. Shire was looking for a General Manager to launch its office in Germany, and the original idea was to look for someone with a background in another multinational. However, people that come from positions of responsibility in those large, multinational companies are experienced in working with large teams underneath them, which leads to a culture of delegation. For the Shire model, having someone like this in a situation where they have to build a company with just one other person and a cell phone was a big risk. For me, I was ready, and it was

the right time for me in my career. It was not easy, but my experience and the needs and culture of Shire led to a very good combination.

What is your future vision for the company in Germany? If we were to come back in five years, what would you like to say that you had achieved?

The pharmaceutical industry today is struggling with its image, not just in Germany but globally. For many, its reputation is no better than that of the weapons industry or the tobacco industry, as it is very easy for politicians to blame the cost of healthcare in their countries on pharmaceutical companies. For many people, this misperception of the industry can be summed up in one sentence: the pharmaceutical industry is making money from people's suffering. To help people understand just how the industry helps people everyday in very meaningful ways by discovering, developing and providing medicines that enable patients to lead a better life requires more explanation. At Shire, the medicines offered can help to change this perception because they are innovative products that truly help patients, not only in terms of quality of life, but also in prolonging life. Five years from now, I would like to be able to talk of our growth in terms of size and product lines. However, after working for 20 years in the pharmaceutical industry, what I would enjoy most is to speak about the positive improvements not only of the reputation of the industry and of Shire, but about the patients who rely on Shire's medicines, which enable them to live a better life everyday.

[See more interviews](#)
