

Interview with Ralf Dahmen, Managing Director, Galderma

27.02.2012

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As ASMI President and Managing Director of Galderma, would you please give us a brief overview of the Australian OTC market and Galderma's role therein?

Galderma is a leading player in the worldwide dermatology market formed in 1981 as a L'Oréal-Nestlé joint venture. Its aspirations are reflected in its commitment to the future of dermatology. In essence, Galderma develops and markets innovative therapeutic, corrective and aesthetic solutions for the prevention, the diagnosis and treatment of dermatological conditions. Galderma's ambition is to be recognised as the most competent and successful innovation based company focused exclusively on meeting the needs of dermatology patients and physicians. In Australia, Galderma was registered in 1991, and effectively assumed the activities of the dermatological division of Alcon Australia. Beginning in that context, by 1993 Galderma became a company in its own right with a small portfolio that progressively evolved. In 1994, Galderma launched Rozex gel the first prescription-based product for the treatment of rosacea. In the 1990s Rx growth was relatively flat and OTC growth led the way which saw the introduction of a pharmacy field force. In 1995 Galderma provided the first topical antibiotic available in Australia. In 1997, Galderma launched Differin gel, which became the leading product worldwide, and in 1998 acquired the rights to Loceryl from Roche. Galderma Australia's dermatology portfolio therefore consists of both Rx and OTC brands. In the broadest sense, since we all have skin, dermatology plays a role in all our lives. Galderma's role in this market can be viewed in two ways. The first is in the maintenance of healthy skin. For example through non-soap based moisturizers and cleansers. The second is in the context of therapeutic skin treatments. For example the treatment of acne. Over time, Galderma has not only continued to grow and accumulate a portfolio of products, but also invested much effort in working with the dermatological community to help establish a greater understanding of acne and other skin conditions. Over time, Galderma established its reputation and created links to the dermatological community. Today Galderma is well recognised in Australia, as an extension of the company's global presence in dermatology. The OTC market in Australia is structured with the typical subcategories that characterise the OTC market worldwide. For the most part, OTC products are distributed through three main wholesalers who distribute to approximately 5,100 pharmacies. These pharmacies also provide access, advice and counselling to customers throughout Australia. The dermatology segment, as captured by IMS is a \$376 million category. However this figure represents only the portion of the distribution chain sold primarily from wholesalers to pharmacy. Indirect sales are not captured by IMS. Therefore, a more accurate estimate could put this figure significantly higher. Galderma has shown growth between 12 and 14% over the last three years in a market growing an average 8%. Galderma is proud of the fact that over the last two year period, market share increased from 6.8% to 7.4%, which is a very motivating outcome. At the same time,

Galderma's Australian operation is moving up in the world ranking of Galderma subsidiaries; recently moving to 6th behind the UK, France, Brazil, Germany and the USA. On a per capita basis, it's an impressive performance.

Can you talk more specifically about Galderma's contribution to science, in a sector where there is less of a link between R&D and patient outcomes, compared to perhaps oral formulations of other pharmaceuticals?

A commitment to the future of dermatology infers a commitment to research. This is reflected in Galderma's 3 research facilities, the main research facility being in Sophia Antipolis, France, the others being in Princeton New Jersey USA and Tokyo Japan. Investment in R&D as a ratio of sales amounts to 14.1% per annum. But let's take it a bit further. Most people when they talk about innovation talk about products, but when considering patient outcomes beyond the product itself, there is opportunity to consider the contribution made by delivery of services. I refer in particular to our contribution to the education of healthcare professionals and the provision of supportive information to consumers. Let me also refer to a patient outcome that is perhaps not measured as much as it could be and that is the impact of a dermatology portfolio like ours beyond health in the general sense to health in the sense of self-esteem. Self esteem makes for a healthy, confident individual that contributes to society and in a productive manner. Dermatology is perhaps under-recognized by government in the context of its contribution to self-esteem.

Although on some levels there may be questionable justifiability behind reimbursement of an acne medication, why is there difficulty in getting a skin cancer treatment approved for the PBS?

Photodynamic therapy (PDT) is an effective, targeted treatment that destroys precancerous and cancer cells without harming surrounding tissue. Red light is used to activate a light sensitive substance [Metvix Cream] that accumulates selectively in precancerous and cancer cells. As a non-surgical product, it doesn't leave scarring and is thus an attractive option where appropriate. Despite Australia having the highest melanoma rates in the world Galderma has been unsuccessful in convincing the government to put Metvix on the PBS. Nonetheless Metvix has been on the Australian market for over five years now, with a good track record that is equal in efficacy to surgical interventions and certainly no worse than similar products currently on the PBS. As the success of this therapeutic option evolves so will the evidence base that may make for a successful submission in the future. Fortunately, exclusion from the PBS doesn't limit access, and although it is a more costly option Metvix does have a strong following amongst dermatologists.

What role does Galderma play from an education and prevention standpoint?

We take the opportunity to train consumers and Healthcare professionals as a way of securing good health outcomes, where appropriate, through the use of our products. We also have a strong collaborative relationship with the Australian College of Dermatology. The points of consumer access to our Rx and OTC brands are quite different. Rx products are accessed via the relevant health care professionals. We work with health care professionals through our field force and with educational initiatives help keep at the forefront of developments in dermatology. That understanding then presents an option when dealing with the relevant dermatological condition that consumers present. As an OTC example, take a product like Loceryl which treats onychomycosis, a fungal nail infection. Loceryl is a lacquer which penetrates the nail to reach the nail bed where the infection takes place. Although Loceryl is scheduled S3- a "pharmacist-only" medicine, it has a schedule H exemption which allows Galderma to advertise to the consumer. Our product training program in pharmacy ensures that the pharmacist understands how Loceryl should be used so they in turn can make the most of their opportunity to advise the consumer. For the consumer the pharmacist is a good in-store resource who can advise on the correct use of Loceryl. This results in good levels of

patient compliance and an effective treatment. This example shows how pharmacy training in combination with consumer advertising can bring about good health outcomes. Further follow-up support is also available to consumers via direct Galderma phone contact or the Loceryl website.

Can you talk about the Loceryl advertising campaign, which represents a departure from previous initiatives?

As a marketer, at some point you have to talk with the patient and stop assuming you know how they feel – no matter how straightforward the condition might be. This demonstrates a fundamental difference between assumption- and evidence-based marketing. The work on this campaign began with consumer research to test some assumptions about who suffers from this condition and how they treated it. In the case of Loceryl, the question was whether we were targeting consumers with the right message and communicating with relevance. The research results suggested we make a few modifications. This kind of reassessment resulted in a better targeted approach to the marketing mix with materials that are consistent and well integrated. The research also highlighted an under-estimation of Loceryl potential and on that basis we expanded the campaign to include our first ever television commercial. The campaign educates to help identify the problem and presents a solution to address it, with information about how to find out more, i.e. ask your pharmacist or visit the website. It's a no nonsense format to communicate a medicinal message. If our pharmacy training has been a success then this becomes a well integrated campaign.

Can you talk about the human element at Galderma?

A growing company like Galderma needs a certain type of talent. People join Galderma because they recognize the challenges that come with such an evolving company. For example, a product manager joining us is not going to be the 25th product manager on a particular brand. They are likely to be the second or third and have the chance to make their mark on a brand or a portfolio. Like Galderma, dermatology is also evolving and as it evolves new ways are found to treat skin conditions or treat skin to keep it healthy. In that context, Galderma is focused to deliver on these opportunities with a growing portfolio and to do that, we need the right people, in the right place, at the right time. At 4.2%, Australia has a tight labour market. As tight as the labour market might be however, we believe in – don't rush it, get the right people. It's important that they want to be here and see the opportunity to contribute and feel at home in such an evolving environment. This is not Big Pharma that has been around for ages and set in its ways. Galderma's culture and traditions are still evolving.

What are those cultures and traditions? What does the Galderma brand represent, not to the end consumer, but to potential new recruits?

I call it – entrepreneurial-daring. If we were in a tornado, we're definitely not in the middle where it's nice and calm, we're on the edge where the action is. As an organization grows and changes, it needs to constantly adapt to the changing circumstances. This is the case for most organisations. It is more pronounced in a fast evolving one. So if you're joining Galderma you need to be open and adaptive to change and be able to deal with some ambiguity as well. Galderma is entering new areas of dermatology and using a blend of the self-confidence and astuteness to assess these opportunities. We are particularly proud of our sense of team at Galderma Australia. There is no marketing and sales divide; we don't operate in silos. My office is one big glass fishbowl, transparent and accessible. Galderma's commitment to the future of dermatology, requires a focused business model that combines that – entrepreneurial daring – with good strategy and the right people. Combined with a sound EQ this makes us an employer of choice for that kind of employee.

What's your vision for Galderma? Where do you want to take the company in the next five to 10 years?

Galderma Australia is currently on the third year of a five year strategic initiative. Our predecessors created stability in the early years and I see it as our role to take the company further on that sound footing they established. But to strike the right initiative, we first needed to assess the business, what it was doing well, and what we could leverage better. Since May 2006, we have streamlined processes, relocated the offices, and most importantly increased the calibre of the team operating in Australia. Going forward, we will tap into the launch of new products like Epiduo for the treatment of acne. This comes in addition to opportunities in corrective dermatology which is still in the early stages. Looking to the horizon, there are tremendous opportunities. The skill lies in selecting the right options. Equal parts entrepreneurial daring and due diligence. Personally I hope our team in Australia stays intact and evolves going forward, making a positive contribution to Galderma's aspirations.

In implementing this strategy, how would you characterize your management style?

It's not just about me in the corner office. If you come on board, it's because you have certain skills, and at Galderma we have the confidence to delegate to those skills. If something goes wrong, it's not the end of the world, and we tackle it together. When it goes right, we celebrate together. Trust the team you work with and recognize those moments of brilliance. It's not very complicated.

What is your final message to Pharmaceutical Executive readers about Galderma in Australia?

Australia presents a fundamentally robust pharmaceutical market with a modern infrastructure. At Galderma Australia we are leveraging our dermatological expertise consistent with our global commitment to the future of dermatology.

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