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By addressing the dual challenges of insufficient clinical capacity and low public awareness, Santen is driving progress in eye care across China

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Shawn Xiang, corporate officer and China head at Santen, discusses the eye care specialist's second-largest market and the challenges of diagnosing and managing eye conditions in China where a lack of public awareness is coupled with the country's shortage of clinical capacity in ophthalmology. He remarks on Santen's "China 2.0" strategy aimed at expanding channel access and consolidating the company's established product portfolio, the company's strategic partnership with Arctic Vision and how he has brought his personal leadership style to the affiliate.

What motivated you to take on the role of leading Santen in China, and what attracted you to the organization?

My decision to join Santen six months ago was driven by several compelling factors, all of which reflect the immense potential and unique opportunities within the organization and the broader ophthalmology market in China. To begin with, the Chinese ophthalmology market stands out for its extraordinary growth potential and substantial unmet medical needs. Conditions such as myopia, dry eye, back-of-the-eye diseases, and glaucoma represent vast areas of opportunity. For instance, the sheer scale of treatment gaps in glaucoma highlights how much can still be achieved to improve

patient outcomes. This combination of rapid market growth and significant demand for innovative solutions was highly appealing to me.

Furthermore, Santen's reputation as a global leader in ophthalmology made the decision even more compelling. With over a century of specialization in the field, Santen is renowned not only for its deep expertise but also for its exceptional operational and commercial excellence. During my initial due diligence before signing on, I discovered that the company had set ambitious goals in 2022 for achievement by 2025. Remarkably, these targets were surpassed by 2023—well ahead of schedule—demonstrating a level of execution that truly impressed me. This ability to deliver on bold promises reinforced my confidence in Santen leadership team's strategic vision and operational capabilities.

Finally, what sets the Chinese ophthalmology market apart is its unique opportunity to redefine traditional pharmaceutical approaches through direct patient engagement and consumer activation. Unlike conventional markets where treatment decisions are largely dictated by healthcare providers, conditions such as myopia and dry eye in China often involve patients playing an active role in their care choices. This dynamic creates opportunities to innovate and build new business models that align closely with consumer needs and preferences. Santen's ability to embrace this evolving landscape while leveraging its global expertise placed it in a uniquely advantageous position. Taken together, the market potential, Santen's proven track record, and the chance to pioneer transformative approaches to patient care were the key reasons I was drawn to this role.

How has Santen built its presence in China, and what key assets highlight its relevance in the market?

Santen's presence in China reflects over a century of commitment, dating back to 1913. This early entry underscores the company's dedication to addressing ophthalmological needs in China. Following China's economic reopening, Santen re-entered the market in 1988 and has since established a robust footprint, including a sizable commercial organization and two advanced factories in Suzhou. One of these facilities, recently completed, is now the world's largest eye-care drug production plant, demonstrating Santen's manufacturing leadership.

Santen's portfolio in China is comprehensive, offering solutions for a wide range of ophthalmic conditions—from glaucoma and dry eye, from anti-infections and allergies. The company also will be introducing an innovative treatment for uveitic macular edema (UME), a condition with no effective therapies currently available in China.

By combining its historical foundation, manufacturing capabilities, and expanding portfolio, Santen has positioned itself as a leader in the Chinese ophthalmology market, driving innovation and addressing evolving patient needs.

What dynamics have you encountered in the Chinese market, and how does Santen's approach to ophthalmology differ from traditional models in addressing them?

The Chinese market presents both significant challenges and unique opportunities, particularly under the influence of Volume-Based Procurement (VBP) policies. These policies have created considerable pricing pressures, impacting not just Santen but many multinational pharmaceutical companies. However, rather than viewing this as a limitation, Santen has embraced the opportunity to sharpen its focus on innovation and channel expansion. By accelerating the introduction of

advanced therapies, one can maintain competitiveness to meet the challenges from generics and pricing competition.

Also, ophthalmology in China differs from other therapeutic areas due to its consumer-driven nature. While the multinational pharmaceuticals generally rely heavily on hospital channels, especially in top-tier hospitals, ophthalmology has a broader reach. Conditions such as dry eye and myopia often see patients taking a more active role in their treatment decisions, creating substantial opportunities in retail, e-commerce, and over-the-counter (OTC) channels. This distinct landscape allows Santen to go beyond the traditional hospital-focused approach, opening up new avenues for growth and patient engagement.

In response, Santen has introduced its “China 2.0” strategy, underpinned by the REACH framework, which expands channel access and optimizes the company’s established product portfolio. The five pillars of REACH include:

- **R:** Retail, increasing presence in offline pharmacy networks to reach a broader audience.
- **E:** E-commerce, leveraging digital platforms to connect directly with consumers.
- **A:** Ahead, utilizing initiatives like the Greater Bay Area Early Access Program to accelerate new drug introduction to China.
- **C:** Contract Sales Organization (CSO), collaborating with external sales partners to extend geographical and market reach.
- **H:** Hospital, maintaining the traditional footprint in prescription-driven hospital channels.

This approach not only diversifies Santen’s reach but also complements the company’s ongoing efforts to accelerate the introduction of innovative medicines. By striking a balance between channel expansion and ground-breaking therapies, Santen is positioning itself to navigate the complexities of the Chinese market effectively while addressing both immediate challenges and long-term opportunities.

Given that accessing accurate market data is a challenge in China, how does Santen navigate these limitations, and how does this impact strategic decision-making with respect to resource allocation and accountability?

The challenge of accessing reliable and comprehensive data in the Chinese market is a long-standing issue, one that multinational companies like Santen have faced for over a decade. While the situation has improved significantly over the past 20 years, it remains imperfect. Platforms such as IQVIA now provide increasingly detailed and reliable data for China, comparable in many ways to their global counterparts. Similarly, Zhongkang delivers valuable insights into the retail channel, offering a level of coverage that complements IQVIA’s capabilities in hospitals. However, despite these advancements, the data landscape is far from complete, requiring companies to operate with some degree of uncertainty.

To navigate these challenges, Santen adopts a dual approach that combines data analysis with direct market engagement. Data serves as an essential foundation for strategic planning, but it is not sufficient on its own. We validate and refine insights by staying closely connected to our customers, healthcare providers, and frontline operations. This hands-on interaction allows us to capture the nuances of the market and ensure that our decisions reflect both analytical and real-world perspectives.

By blending the strengths of evolving data systems with first-hand market intelligence, Santen ensures its strategies remain adaptive and informed. This approach not only helps us address the

complexities of the Chinese market but also positions us to respond effectively to the needs of patients and healthcare professionals. Ultimately, it enables us to make decisions that are both data-driven and grounded in practical realities, ensuring a balanced and effective response to market challenges.

How would you define the disease cycle in regard to diagnosing and treating eye conditions in China, and how is Santen working to improve the situation for patients?

Diagnosing and managing eye conditions in China is fraught with challenges, including systemic limitations and a lack of public awareness. Despite the large patient population and significant need for care, the healthcare infrastructure often struggles to meet demand. For instance, glaucoma, one of the most common and serious eye conditions, exemplifies these challenges. Although China has the world's largest population of glaucoma patients, there are only about 500 glaucoma specialists nationwide, a number vastly insufficient for the scale of the problem. This specialist shortage often leads to late diagnoses or misdiagnoses, as many patients do not have timely access to expert care.

Public awareness further compounds the issue. In the case of glaucoma, early symptoms are often subtle or non-existent, leading many individuals to remain unaware of their condition until it has advanced significantly. This delay not only impacts patient outcomes but also places a substantial burden on the healthcare system.

Santen is actively addressing these issues through a combination of innovation, capacity building, and public education. The company works with healthcare associations and industry partners to train more specialists and improve diagnostic capabilities, helping to bridge the gap in clinical expertise. As a leader in ophthalmology, Santen also offers a broad portfolio of innovative treatments that provide comprehensive, end-to-end solutions for conditions like glaucoma, ensuring that patients have access to effective care at every stage of their journey.

Raising public awareness is another key focus. Through targeted campaigns and collaborations with medical professionals, Santen is helping to educate patients about the importance of early detection and proactive care. These efforts have also influenced healthcare policy; for example, glaucoma, previously excluded from major national initiatives, is now recognized as a priority in China's 14th Five-Year Plan, largely due to advocacy efforts led by Santen and its partners. This inclusion marks a significant step forward, with increased attention and resources likely to follow in future plans, such as the upcoming 15th Five-Year Plan.

By addressing the dual challenges of insufficient clinical capacity and low public awareness, Santen is driving progress in eye care across China. Its integrated approach ensures that more patients receive timely and effective treatment, while broader societal awareness continues to grow, reshaping the landscape of ophthalmological care in the country.

What innovative therapeutics and operating models is Santen bringing to China, and how do these align with its global ambitions?

China holds a central position in Santen's global strategy as the company's second-largest country market. Recognizing the country's immense potential, Santen is dedicated to rapidly introducing its most advanced pipeline assets to meet the growing demand for innovative therapies. Simultaneously, China's status as a global innovation hub, second only to the United States in

drug discovery and development, provides unique opportunities for partnerships. Santen actively explores collaboration opportunities with local biotechs, integrating their ground-breaking therapies into its portfolio to address critical unmet needs both in China and worldwide.

The surge in innovation within China's biotech sector has created a wealth of high-quality therapies targeting diverse disease areas. However, local companies often lack the global infrastructure needed to bring these breakthroughs to international markets. Santen bridges this gap by forming strategic alliances that enable these therapies to achieve global reach while bolstering its own product offerings. This approach has established Santen as a key player in driving both local and global advancements in ophthalmology.

Within its internal pipeline, Santen is addressing pressing healthcare challenges with pioneering treatments for conditions such as myopia and ptosis. Myopia poses an especially significant issue in China, which not only has the largest patient population but also one of the highest prevalence rates globally, particularly among younger generations. Santen has been at the forefront of myopia research and development for years, ensuring its leadership in delivering effective solutions for this widespread condition.

Another area of innovation is ptosis, a condition characterized by drooping eyelids caused by aging or illness, which affects both functionality and appearance. Santen has developed a novel therapy that restores eyelid function while improving aesthetics, offering patients a transformative improvement in quality of life. The overwhelmingly positive response from both healthcare providers and patients underscores the substantial demand for such treatments.

Adopting and executing these strategies has required a shift in mindset within Santen China management team. While this transition has been gradual, the leadership team has embraced a more open and globally integrated approach, creating an environment conducive to innovation and collaboration. By combining its robust internal pipeline with strategic partnerships in China, Santen is not only addressing critical healthcare gaps locally but also contributing to advancements that enhance its position as a leader in ophthalmology on the global stage.

What progress has Santen made with its clinical development efforts in China, and how are these efforts designed to align with faster regulatory approval?

Santen is advancing its clinical development in China with multiple clinical trials underway for its innovative treatments for conditions like allergy, myopia, ptosis and more. For instance, the myopia Phase 3 trial is well in progress, while the ptosis trial was recently initiated. These efforts are essential to meeting the regulatory requirements and ensuring we have deep understandings of these therapies' impact on the Chinese patients. Globally, the ptosis treatment has already been approved, and a similar approval for the myopia treatment is expected soon, highlighting the robust clinical profiles of both therapies.

How does Santen's approach to partnerships help address critical healthcare gaps in China, and what makes these collaborations particularly impactful?

Santen's collaboration with Arctic Vision represents a pivotal effort to address the unmet needs of patients suffering from Uveitic Macular Edema (UME) in China. Arctic Vision, an ophthalmology-focused company known for its innovative approach, has joined forces with Santen to bring a cutting-edge steroid implant to the market. This implant, designed to release medication gradually within the

eye, is the first and only therapy specifically approved for UME. Its strong efficacy and safety profile, demonstrated in the United States, positions it as a transformative solution for this challenging condition.

Through this partnership, Santen has secured exclusive commercial rights to the therapy in China, where patients with UME have historically had no treatment options. The introduction of this breakthrough treatment not only provides hope to patients but also marks a significant milestone in addressing a long-standing gap in care. If reimbursement is achieved, this therapy has the potential to become widely accessible, dramatically improving outcomes for UME patients. Santen's partnership with Arctic Vision underscores its commitment to advancing innovative solutions and delivering meaningful improvements in ophthalmological care for underserved populations.

With China's market evolving, how is Santen balancing the need for innovation with the financial constraints posed by the strict pricing for reimbursement?

Building and maintaining a competitive presence in the Chinese market requires a strategic approach to balancing financial prudence with the need for innovation and expansion. As market growth rates slow, managing Selling, General, and Administrative Expenses (SG&A) has become increasingly critical. The era when high SG&A ratios could be offset by rapid revenue growth is over, necessitating a sharper focus on cost efficiency and sustainable operations to protect the bottom line.

Simultaneously, venturing beyond traditional channels, such as the well-established hospital network, involves stepping into less familiar territory, which can entail a learning curve and associated costs—often referred to as “tuition fees.” These investments are essential to exploring new opportunities, but they must be approached thoughtfully. Success in these areas depends heavily on forging partnerships with organizations that prioritize trust, compliance, and integrity while also being agile and adaptable to the evolving market landscape.

Achieving the right balance is both a challenge and a priority. Santen carefully evaluates its investments to ensure they align with long-term objectives while seeking partners who meet the highest standards of operational excellence and compliance. By combining disciplined cost management with a commitment to strategic growth, Santen is positioning itself to thrive in the dynamic and competitive Chinese market, building a presence that is both resilient and impactful.

What leadership principles have you implemented to effectively navigate the complexities of the Chinese market, and how do they shape Santen's strategy?

My leadership approach at Santen China is built on three key principles: empowering exceptional talent, fostering innovation through curiosity, and embracing openness to drive trust and collaboration. First, I focus on hiring and promoting exceptional people who are better than myself. This emphasis on talent is central to the Santen China 2.0 strategy and ensures the organization is equipped to tackle complex challenges.

The second principle is cultivating curiosity and a willingness to challenge the status quo. This mindset encourages the team to explore uncharted opportunities beyond traditional channels. For example, expanding into consumer-focused initiatives, leveraging e-commerce platforms, and participating in programmes like the Greater Bay Area Early Access Program reflect our readiness to innovate. While these initiatives mark important progress, the journey is ongoing, and I believe there

is much more to discover by staying curious and adaptable.

The third and perhaps most critical principle is openness, which I view as essential for transparency, collaboration, and long-term success. Openness involves making the unique dynamics of the Chinese market—such as rapidly changing healthcare policies and evolving Volume-Based Procurement (VBP) frameworks—clear to Santen’s global leadership. This requires consistent and proactive communication to align global leaders with local realities and secure their support for key initiatives. In my view, over-communicating and educating global stakeholders is not a risk but a necessity, as it fosters trust and paves the way for more effective collaboration.

Openness also creates opportunities to maximize the value of strategic partnerships, accelerate pipeline development, and nurture local talent for broader organizational growth. By maintaining transparency and encouraging innovative thinking, Santen China can not only address immediate challenges but also position itself as a key driver of global advancements in ophthalmology. These three principles—empowering talent, fostering curiosity, and embracing openness—form the foundation of a leadership model designed to ensure sustainable success in a dynamic and competitive market.

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