

Thomas Kerscher – Head of Europe, Aspen



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Aspen's European Head Thomas Kerscher explains how the sale of the company's thrombosis portfolio to Mylan has led to an organisational transformation in Europe with a leaner approach and an exclusive focus on anaesthesia. Kerscher also outlines the South African company's response to the COVID-19 pandemic amid skyrocketing demand for its products.

Can you begin by introducing your career in the pharmaceutical industry? Why did you make the decision to re-join Aspen?

I have been involved with the pharmaceutical industry for more than 20 years. As a chemist, I had to decide whether to stay inside the lab or go outside and, in 1995, opted to join Procter & Gamble Pharmaceuticals in sales. After more than nine years, I went on to work for Novartis in both local and global marketing before moving to Takeda and then Shire. At that time, I asked myself what I wanted to do next and decided to build my own company called Business Impact because the corporate life did not suffice; as the name implies, I wanted to have an impact, so I went to work with smaller start-ups in Switzerland, coaching and building new business models with them.

During that time, I met with Aspen Chief Executive Officer Stephen Saad, with whom I had a great relationship after working for the company in the mid-2010s, and he asked me to sign up for a few

months as an interim general manager in Germany. Aspen has a special significance for me as the company allowed me to get close to the business and the customers, so when Stephen explained to me the role and the ambitious strategy that the company had to transform itself in Europe, I was all in.

The plan was to create a leaner, more focused, and more effective organisation where I could inject my entrepreneurial spirit. We divested our thrombosis portfolio to Mylan, which allowed us to focus on the core of the business, the customers. The transformation process appealed to me as the overall objective did not change: to be the leader in anaesthesia, serving customers with high quality and affordable medicines.

I have been in the position for more than a year, but it feels longer because the organisation has changed considerably in this time; I can now feel the entrepreneurial spirit throughout the company with people continuously coming up with new ideas.

The divestiture of Aspen's thrombosis portfolio to Mylan (now Viatris) was somewhat unusual in that it was sold to a larger company rather than to a newcomer looking to penetrate markets through a therapeutic area focus. Can you comment on the reasoning behind the offloading?

Aspen's aim is to deliver affordable, high-quality products that can be differentiated. For the thrombosis portfolio, it was difficult for us, as a mid-sized company, to differentiate. We needed to deliver a larger portfolio to the clinics' purchasing departments and were unable to do so. Viatris can do that much more effectively than we could; that is the main reason behind the divestment. We are still producing the thrombosis products for Viatris but we are not selling it in Europe anymore.

How relevant is Europe for Aspen both in terms of revenue and footprint?

Europe was the largest market for Aspen's thrombosis business, and we are now number two worldwide after our home market of South Africa. The European business is very promising for the company considering our new laser focus on anaesthesia, a strategy that can be implemented with a reduced yet efficient team. We do not need as many people as in thrombosis to be as effective and can serve customers doing everything from supply to the end usage.

In many European markets we are already the leading company for anaesthesia, but there is significantly more potential in places where the thrombosis portfolio footprint used to be large, such as Spain and Italy, because our anaesthesia products were underrepresented and now have our full attention. Aspen has been investing to allow all European countries to have a harmonised portfolio.

Anaesthesia is a niche market where Big Pharma companies play an important role. What is Aspen's value proposition to differentiate from the larger players?

Aspen has both the complete portfolio and commensurate knowledge to compete in all areas of anaesthesia, whether in topical anaesthetics or anaesthesia for operations. We stood out during the pandemic as being able to supply hospitals with our production network, bringing support during a time of great need, not only with Propofol – which is one of the most widely used anaesthesia products – but also with specialised anaesthesia for intubated patients as well as other products

including dexamethasone.

During the pandemic, it became evident to hospital groups that having a partner that can offer a broad portfolio was a key advantage. We are currently looking at ways to expand our portfolio even further.

Aspen has European manufacturing in Germany and France along with a large sterile production in South Africa where we are producing the Johnson & Johnson COVID-19 vaccine. We leverage our great production capabilities and global network to serve the European market.

Given the situation at the beginning of the pandemic, with disrupted supply chains and many hospitals left without enough supplies, do you foresee a trend towards localised supply chains in Europe?

Our organisation is looking into expanding manufacturing capabilities and capacities with external partners since we are unable to produce everything in-house. We have been analysing our reaction during the pandemic and understood that our supply was not perfect. The demand was so high with such short timelines that no one could really satisfy the needs of the market; everyone had to make compromises. Aspen wants to ensure that it can distribute its products more efficiently during emergencies to enable hospitals to operate during high-demand situations.

We are going beyond products, developing artificial intelligence-based systems to help customers avoid shortages; this initiative will improve our production and distribution. The challenge for companies is looking at ways to collaborate. The European Union could drive the collaboration forward.

How well does Aspen's value proposition of access and affordability resonate with European authorities?

Our offer is well suited for European markets. Because of the ageing populations in Europe, healthcare costs are rapidly increasing, and we are trying to help reduce the burden on taxpayers. Through our goal of providing high quality medicines at affordable prices, we are helping countries reduce costs without compromising the quality of services given to patients which has been greatly appreciated by various authorities.

This reason was also a big part of our European organisation's transformation process; we ration every euro spent to allow our prices to be affordable, minimising internal and external costs.

As part of the ongoing transformation of the organisation, you mentioned the importance of being close to customers. What are your customer priorities and the business models you will be deploying for different EU markets?

For anaesthesia we are focusing on the hospital market since they are the largest buying groups. After the divestment of the thrombosis portfolio, we have been focusing on a key account management approach where we no longer have an excessive salesforce. This decision reflects our pragmatic approach because key account management is not about a customer relationship management (CRM) system, we have a simple reporting system that allows our managers to

be in direct contact with customers without large and costly systems.

We have at least one office in each relevant market but do not have a typical European central office; working in a decentralized manner from home works quite well. With that approach, our people can be closer to their markets, whether they are France, Germany, the UK, or Switzerland.

As the leader of such a decentralized commercial organisation, how do you manage to put the team behind the objectives and how did the pandemic influence the way you operate internally?

Getting a team behind a set of objectives is easy when you have a common goal of serving people better. We only selected people that wanted to stay close to the customers. The challenge is that we all have many ideas to improve, and decisions need to be made as to where we must focus our energy.

Two years ago, no one could have imagined that we would be able to work so well from home. Instead of being paralysed, we used the available time to train our people on anaesthesia so they could be even closer to the products. Additionally, we trained them on virtual approaches and gave them customer insights to enable them to do sales virtually. Finally, we removed all cold calling targets to build on the entrepreneurial spirit; people were really motivated after having ownership of the business, making almost the same number of calls as before. It has worked so well that we will not go back to the way it was before.

One element often criticised of the anaesthesia segment is the slow pace or lack of innovation. Is Aspen looking at new substances or delivery systems that can bring incremental improvements?

We are looking at new delivery systems, but not everything in innovation is about a new substance or delivery system. An important side of innovation today is on the information technology (IT) side, improving the stock management of our customers, the ways in which they interact with us and our own supply chain. The pandemic revealed the need to invest further on this.

From a product point of view, yes, we are looking into new delivery systems, new packages and patient safety.

Is there a particular reason why Aspen decided to have its commercial team based in Switzerland?

We are not centralised in Switzerland; we are a small local organisation. However, doing business from Switzerland is a real advantage because of the pharma ecosystem present here which allows us to be close to breakthrough innovation and the talent producing it.

Is the plan for Europe to remain focused on anaesthesia or will you eventually broaden the portfolio?

We have changed the way we do business in Europe in the last year, focusing on our core capabilities, where we can be the best, in anaesthesia and other selected brands. We have developed a federated model in Europe where we can see the complete business and now reached a base where we can expand again.

What is the 2021 forecast for the European organisation? Do you expect strong commercial results?

Our 2022 financial year begun just one week ago but, overall, 2021 will be a good year. Our retail business was negatively impacted last year, but all of them are picking up this year.

After deciding to leave the corporate world a couple of years ago before coming back, what is the value proposition for executives to work for a company like Aspen?

We at Aspen look at ourselves as entrepreneurs that are passionate about what we do, making a difference for customers and not hiding behind bureaucratic walls. With our close-to-market approach, everyone contributes; this is Aspen's added value, where we feel that we can make an impact every day.

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