Yuichi Yomasu â?? President, Daiichi Sankyo China

Recent reforms have made it clear that oncology is a national priority for the Chinese government

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Yuichi Yomasu, president of Daiichi Sankyo China, shares his first impressions of the dynamic but complex Chinese market since he assumed position ten months ago; the strategic importance of the Chinese affiliate to the Groupâ??s overall business, particularly in light of the Groupâ??s transition towards an innovative leader in oncology by 2025; and his dream to take Daiichi Sankyo China to the next level in the next few years.

Having been president of Daiichi Sankyo China for around ten months, what have been your first impressions?

Before coming to China, I was part of the Daiichi Sankyo â??ASCA Companyâ?? business unit, which covers Asia and South & Central America (ASCA). Based in Tokyo, I was in charge of all of Daiichi Sankyoâ??s subsidiaries in the ASCA area so I was already familiar with the Chinese market. Having been in Shanghai for ten months, I can truly feel the dynamism within the market. There are many changes and new developments in China and it is a very exciting time to be present here.

One of my biggest learning points is that in China, you have to be patient. It is a big market, and while some things move very quickly, other things take more time. I have also had to adapt to the leadership and organization management style in China. While both Japan and China may have more hierarchal organizational structures compared to Western countries, I realized that while in Japan, management is more bottom-up and people are used to bringing ideas and proposals to top management for approval, in China, the approach is more top-down. The leaders set the agenda and deliver instructions to the whole company.

What is the strategic significance of China for Daiichi Sankyo?

Since the 1980s when we first started to introduce our products to the Chinese market, we have continuously expanded our business in China. Daiichi Sankyo China has performed very well in the past few years, notably doubling our revenues from 2012 to 2017. Today, China represents around five percent of Daiichi Sankyoâ??s global business. We offer a broad portfolio across cardiovascular, respiratory and analgesia, as well as anti-infectives and urology.

China is certainly one of the most important markets for the company globally. A major reason is that China is a huge market for oncology. Recent reforms have made it clear that oncology is a national priority for the Chinese government. Daiichi Sankyoâ??s global vision is to become a â??Global Pharma Innovator with Competitive Advantage in Oncologyâ?• and China can play a very important role here. At global level as well as in China, in the next few years, we will need to learn more about the oncology business across all functions and prepare to establish a strong oncology franchise.

We also have two manufacturing facilities in Beijing and Shanghai, which supply the domestic market.

I firmly believe that there is a lot more potential for China to contribute to Daiichi Sankyoâ??s global business and this will be one of my priorities during my term as president.

Could you share some of the relevant timelines in terms of Daiichi Sankyo bringing its oncology franchise to China?

We are in the process of developing our strategy. We expect to launch the first oncology products in China in three yearsâ?? time.

We have already taken the first step of recruiting talented individuals for our oncology businessâ?? development and regulatory functions. We have focused on recruiting experienced executives and professionals with a track record of working at top oncology MNCs within China, so they have expertise when it comes to launching oncology products. As for commercial functions, we expect to start to recruit in a yearâ??s time.

In the meantime, Daiichi Sankyo in China has a very interesting presence with an innovative portfolio, an OTC segment as well as an alliance model of developing partnerships with other companies. What are the current growth drivers for the affiliate?

Firstly, we are very proud to have received approval for LixianaÂ®, our novel oral anticoagulant and one of our flagship products, on Christmas Day 2018! We are now negotiating with potential partners for co-promotion in the Chinese market and are preparing to officially launch. We are also focused on successfully listing this product on the National Reimbursement Drug List (NRDL), which will be very important in terms of driving commercial growth.

Secondly, regarding our sales alliance model, we currently have around 10 local partnerships. This has been a very positive growth driver for Daiichi Sankyo in the past few years, but we acknowledge that the Chinese market is changing. With reforms like the two-invoice system and the 4+7 volume-based public procurement system, I believe it is important for Daiichi Sankyo to review our current model. For this fiscal year, our focus here is to optimize our operations in this area.

Finally, since 2015, Daiichi Sankyo has established an OTC presence in China. While the sales are small, the business is growing. At the moment, we only have one skincare franchise, but we hope to bring in more in the next couple of years. We are proud that this consumer cosmetic brand is quite well-recognized in China.

To begin wrapping up, what can we expect from Daiichi Sankyo China in the next few months?

At this moment, our major objective is to assess and optimize our current organization and our capabilities. Then we will define a new strategy for Daiichi Sankyo China, in adherence to our core values of â??Innovation, Integrity and Accountabilityâ?? as well as our principles of â??Passion for Innovation. Compassion for Patientsâ??. Subsequently, we must execute our strategy correctly.

As I mentioned, today the Chinese affiliate only represents around five percent of global revenues. I do not think this reflects the full potential of the Chinese market. We need to expand our affiliate here and my dream is for China to represent 10 percent â?? or even higher â?? of Daiichi Sankyo globally. China should be a true driver of growth for the Group.

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