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GSK India Managing Director Hasit Joshipura on Business Dynamics in India, Tiered Pricing and Approaches to Rural Markets: An Interview With PharmAsia News

*Hasit Joshipura, **GlaxoSmithKline's** India Managing Director is unfazed by the recent mega-deal that **Abbott** struck with **Piramal Healthcare** - catapulting the U.S. giant to the number one slot in India with a market share of nearly 7 percent.*

Joshipura sat down with PharmAsia News two years ago when GSK was India's largest multinational drug company. Until recently, GSK held the leadership position amongst MNCs in India for decades, and the company remains confident about the Indian market. Joshipura firmly believes that his company will distinguish itself from the others in every therapy segment.

PharmAsia News: *We learned recently that GSK is embarking on a tiered pricing strategy for some of its newer drugs like Tykerb (lapatinib). Could you take us through the overall strategy at GSK when approaching emerging markets like India?*

Hasit Joshipura: It is not just about Tykerb. Four years ago when we embarked on a plan, we realized that we have some great strengths in some areas. But we had to really be present to service all the healthcare needs of countries like India - just as we had been doing in the past. The reason why we created great strengths was because the emerging healthcare needs of those times were being serviced by us, like acute care products, anti-infectives and gastro-intestinals. But going forward we knew that we had to develop due capabilities of other emerging healthcare needs as well, and clearly oncology came as part of that.

We started with Tykerb, which is our first oncology product here. The first part of our strategy is that any product launched in the U.S. is to be made available in India either through our own launch plans by making sure regulatory approvals comes in time or through individual patients importing it. I remember Tykerb was launched in the U.S. sometime in April 2007 and we were in the market in May 2008 - just a year behind.

Also, we at GSK are pioneers in making products available in India and making it very India-specific in terms of pricing, and that is historically the case. We are the first amongst MNCs to move manufacturing to India so we could build a leadership position.

In that sense, Tykerb is logically at a price that is much less than other developed markets. The initial indication was that Tykerb was very niche and patients on Tykerb are those who have already been on earlier cancer therapies. We realize that those earlier therapies have come to [patients] at a high cost. We, as a result, had to make sure that we put a price that could be afforded by that class of patients and our pricing was made appropriate for them.

More recently, we have moved up in terms of patient treatment. Now Tykerb is used in first-line treatment in combination with letrozole, so we now have a wide patient pool, and as a result of that we dropped our prices further. As the indications for the drug widen and patients who benefit from the medicine increase, our numbers grow.

PharmAsia News: *In the Philippines you had a similar experience with the cervical cancer vaccine*

Cervarix - dropping prices resulted in higher volumes?

Joshiपुरa: Yes, that is correct. What is not so well known is that we launched a few vaccines in India two years ago, mainly the rotavirus vaccine, and I think in two years time it has become one of the most successful brands for GSK India.

PharmAsia News: *So you will be going for a tiered pricing approach across therapeutic categories?*

Joshiपुरa: We have always gone for tiered pricing, but for the global markets [GSK CEO Andrew Witty] can answer that strategy in greater detail. India has always enjoyed pricing that is appropriate to India within GSK. We did it in vaccines, in oncology and a few other products like *Augmentin*, which is our biggest product here because we manufacture it and the resulting cost chain is engineered in that fashion.

PharmAsia News: *In a recent report, GSK was ranked at the top of the heap on the Access To Medicine Index. How do you ensure that the trend continues as others try to replicate your model?*

Joshiपुरa: That is good to know. If you see the IMS Health data, you will notice that our GSK India products are the most widely available ones throughout India. Historically, we have also been available in India's rural markets, which no other MNCs or even big Indian companies had approached so far. Before the big M&A deals that happened recently, we have been the only MNC among the top 10 ranks in India, and even in rural markets our products have been leading.

PharmAsia News: *You mean there is an ongoing rural markets strategy in place for GSK and nothing new is needed to ramp up sales there?*

Joshiपुरa: This is somewhat difficult for us to answer because what means "rural" to others may not mean the same for us. IMS Health gives the data by various town classes and in rural India, GSK stands at number two in terms of market share, only behind Mankind Pharma, which specializes in rural markets. This is not widely known at all.

Therefore, for us rural markets have a different connotation, and that also tells you a lot about the access issue for our medicines. For us, rural market means extending the frontiers of where healthcare is available today, and that is the strategy for us.

PharmAsia News: *Where does the Indian rural market actually belong for you?*

Joshiपुरa: We want to penetrate the deepest end of the rural market in India. Basically, we redesigned our structure in 2008 and from a product-based structure we moved to a capability-based structure for India. As per that, we now have two mass-market verticals, and we have two specialty verticals - oncology and the vaccine business, which reports to me directly.

Our rural initiative is called the "Reach Initiative" and is for mass-market products because that is the most logical place to facilitate the widest access. That's not all that we have to market. We pick products from other businesses that are appropriate and sell there in those markets.

PharmAsia News: *Your largest global and Indian rivals have embarked on various healthcare programs deep into India's rural markets - calling them awareness and education programs. Will GSK look at those pockets too given your commitment to the Indian patients?*

Joshiपुरa: We do it on our own way. What could be market creation for us when we are at number two in those markets already? For us, the question is about going beyond that to educate patients and

physicians, and we will engage there even more.

PharmAsia News: *Suddenly, the Indian market is in big demand for multinational companies, for example the recent Abbott deal struck with Piramal Healthcare for its India. As an undisputed leader so far amongst all MNCs in India, do you feel your position is being challenged?*

Joshiपुरa: I do not think we are unnecessarily fussed about that. You know the game will be played out in the long run based on an extremely deep understanding of the Indian market, based on presence in different segments and geographies and based on as wide a capability as possible. Now, for somebody who doesn't have that kind of a capability or a footprint in India, there will be certain compulsions. For us, we have those strengths inherently and we have to just extend that strength and that is what we are doing - organically or inorganically too, should the opportunity arise.

PharmAsia News: *Coming to the basics like field force strength, Abbott - with Piramal roped in - has over 5,000 people on the ground while your ground force will be much less.*

Joshiपुरa: In the last three years, we added 700 people and we are still taking in more for next year. We have well over 3,000 medical representatives now. Remember, our average medical representative productivity is the best so far in India. We added 700 people in the last two years without compromising on our profitability.

We have not merely increased our profits by increasing medicine prices. Our main source of growth has come from prescription growth. My view coming back to the India market is that the only way to ensure sustainable growth is through growth in prescriptions.

PharmAsia News: *Keeping with your aim to go deep into the rural markets, have you looked at access issues alongside the Indian government?*

Joshiपुरa: We will be very happy to partner with the government, provided that can result in improved access, improved healthcare infrastructure, or programs like mass immunization because we have examples of doing very well in those areas. In Brazil we have a partnership with the government in vaccines like rotavirus. We have drugs that are very important for India. We will be very happy to work with the Indian government.

PharmAsia News: *Has the government approached you on any of these programs?*

Joshiपुरa: I think there is a fresh initiative in the new vaccines policy and something may come up there.

PharmAsia News: *Product launches in India are becoming very scientific, now with so many original products coming in from global companies. How do you see those changes, especially given increasing controversy about enticing doctors with gifts and kickbacks to generate sales?*

Hasit Joshiपुरa: Apart from the legislations that are being worked upon to streamline the system, the Medical Council of India should distinguish partnerships between companies and physicians that are relevant for continuing medical education and such kind of activities. It really helps physicians to expand their knowledge, and then an accreditation program should be followed so that for particular science-driven programs, they get certain points. In order to get into more sophisticated therapy areas like oncology, cardiovascular drugs and vaccines - we will be very happy to do that.

We have been in this country for 80 years and we will be very keen to partner with the physician

community and the government.

PharmAsia News: *Globally you are involved in the TB Alliance and the Medicines for Malaria Venture. How will India come in to play a role in that greater objective?*

Joshiपुरa: Our CEO Andrew Witty has formed a separate unit for rare diseases under a very senior person, who was earlier the head of Asia-Pac, named Marc Dunoyer. This division has just been created so I think there will be an India angle to it. We have been working on a leishmaniasis drug or kala-azar drug called sitamaquine, which is very relevant to our geography. Albendazole for lymphatic filariasis is also there. Sooner or later India may become a part of that. When our TB vaccine progresses or even the malaria vaccine, which is going through Phase III in Africa, India will be a very big player. Again, rotavirus itself is so relevant to India.

PharmAsia News: *New product launches will make the most money for you in the coming years. What are the plans in the near term?*

Joshiपुरa: We have been very active in new products. If you look closely, about 40-45% of our growth is coming from products launched in the last three years, and that will continue. We are not a generic company and we will never be like them, so we have five ways to grow: bring products from parent's pipeline, in-license, get into select branded generics and launch vaccines or inorganic opportunities.

If we look at the next 12 months in terms of original products - we have approvals for two drugs *Votrient* (pazopanib) and *Revolade* (eltrombopag), which will be launched in the next six months. Then we will have two vaccines: the pneumococcal vaccine and the next one is a six-component vaccine. In addition, we have a few more in the pipeline. We launched **Stiefel's** portfolio of skincare brands last year and they are also doing very well. Fortunately, that gives us a comprehensive pipeline of products in dermatology, and now almost 94 percent of that segment is serviced by us.

PharmAsia News: *How are your in-licensing initiatives going? Are smaller, unrepresented companies approaching you yet?*

Joshiपुरa: There is definite progress in this segment, which I am not able to share at this point. We are talking to many players and hopefully something will come up. We have the track record now. When we launched **Daiichi Sankyo's Benitec** (olmesartan) that was our first foray into cardiovascular drugs, and there were some 17 products at that time in India. Eighteen months later, we are ranked seventh in the product. Also, our deal with **Astellas** for *Mycamine* (mycalfungin) is doing very well. We are getting good traction.

PharmAsia News: *For GSK headquarters, in the big picture emerging markets game, where does India stand as of now - from manufacturing to research?*

Joshiपुरa: Currently, the focus is that India will service India and not beyond. Of course, India does service the lymphatic filariasis program which Andrew [Witty] came and inaugurated, but mostly we at GSK are working on the India market. India is growing at the minimum of 13 percent - all from volumes and next year we will be even higher. The expectations from India are very high and we have to meet those requirements first.

For exploring other opportunities in emerging markets, there are separate deals with companies like **Dr. Reddy's Labs** that we have struck.

PharmAsia News: *Our conversation will not be complete if we do not talk about M&As in India. Are you*

eyeing anything in India?

Joshiपुरa: Our compulsions are different. As and when we find something that makes sense for us from the value-addition standpoint, meeting shareholders interests, and if there are strategic fits we will be interested, but there are no compulsions on us at all. We are sitting on a lot of cash and we keep looking, from companies to brands. We have so many pipeline gaps that can still be filled.

PharmAsia News: *Let me ask this another way. What could be the impediments for you in striking India deals?*

Joshiपुरa: The impediments could be high expectations of the seller, also what could be our assessment in terms of unlocking value of the acquired entity or products. Ultimately, if we buy and there is no value accretion, it is of no use to us.

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