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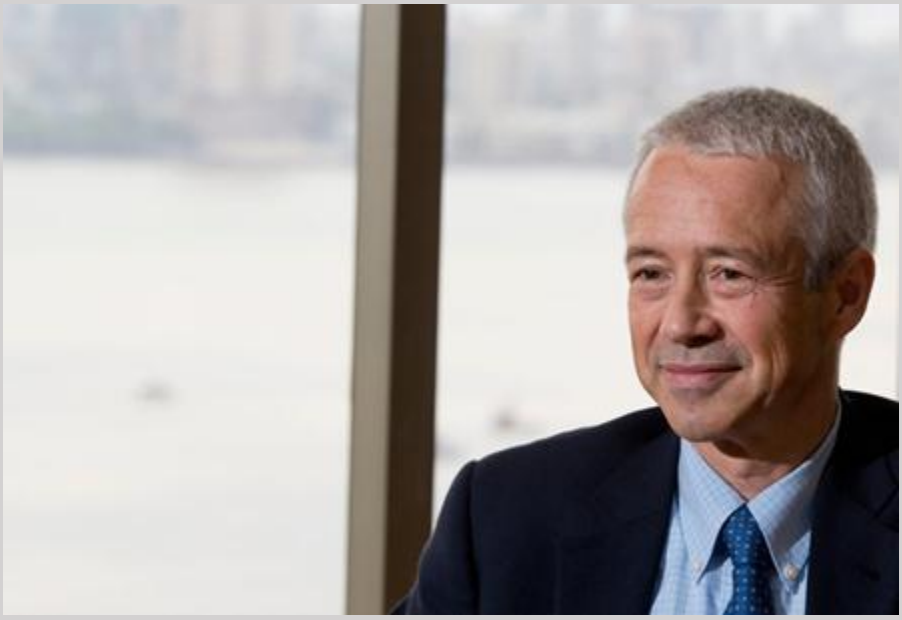
FOR MANAGING TOMORROW

India will have bigger participation in drug development, says Johnson & Johnson Worldwide Chairman Joaquin Duato



Joaquin Duato, Worldwide Chairman of pharmaceuticals group at Johnson & Johnson (Photo: Rachit Goswami)

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Joaquin Duato *is Worldwide Chairman of the pharmaceuticals group at Johnson & Johnson and heads the $25 billion Janssen pharmaceutical companies at J&J. On a visit to India, Duato spoke to Suprotip Ghosh about the slew of products his company plans to launch in India and how the changing global model of discovering new drugs would affect India.*

Q- Janssen is a large multinational within the folds of Johnson & Johnson, which is a well-known brand in India. But the pharmaceuticals business is not that well-known. What has the going been like in the immediate past?

A- J&J is a diversified health-care company, which has three main sectors - consumer, medical devices and pharmaceuticals. Together, we are the largest health-care company in the world. We

have a long history and our focus has always been to try and make an impact in health care. Within that context, the opportunity in APAC (Asia Pacific) is that the majority of the population of the world lives here, so our biggest opportunity to make an impact is here. That would also translate in significant business opportunity. So we see APAC as the cornerstone of the future growth of J&J.

Q- Quantifiably, what are these things that'll make up the growth plan?

A- As J&J we have an end-to-end presence in India already. We do R&D in India, we do manufacturing in India and we have distribution and commercialization. Our strategy is to focus globally, in India and everywhere on medical innovation. We focus on several therapeutic areas - cardiovascular, metabolic, oncology, immunology, and infectious diseases, and in these therapeutic areas we have identified maybe particular severe conditions that meet medical needs and we try to solve those difficult problems. So as a consequence, our portfolio may include multi-drug resistant tuberculosis, which is a problem in India with a heavy burden here, so that's the type of medicine we want. It has been 40 years since another medicine was approved in multidrug resistant tuberculosis. So in that sense it is not like the one you described before, we are not looking to buy a local company in order to build our presence. We take a longer-term approach, we invest in R&D to build these differentiated medicines and then we focus on those medicines that we think are going to make a difference. We are less interested in focussing on generics, expanding generics or other areas. We are going to focus on medicines that are unique, that are going to make us special contribution to the country, the population and ultimately also to our business. Now we have a particular window of opportunity because we will be getting approvals for several medicines that are going to address a particular need. These are relevant in India and that could help us accelerate our presence in India. That's part of the reason we are here.

Q- What are your solutions in India when it comes to the price barriers for good medicines?

A- Access and pricing is a complex issue. We need to as an innovation-based company look at the components. One component is to generate access to our patients to which these medicines are intended. Another component is to be able to have a price which is commensurate with the value that particular medicine brings. There are medicines that bring more value than others and there has to be a difference. The third component is that it has to enable the company to invest in innovation, otherwise we are not going to be able to develop new medication. So there are these three components - of value, of reward and of access. Depending on the geography and the type of product, some of these components are more important than others. Specifically, when we are talking about a country like India, we are talking about communicable diseases that are particularly endemic such as multi-drug resistant tuberculosis, then the component of access

within the three components is most important. Then we try to come to a situation in which prices are not a barrier to receiving treatment. In other areas in which that are maybe not communicable diseases, and are not endemic, then we try to have a price which is commensurate with the purchasing power of the country but that still enables us to make a profit. That's the balance we navigate. In general, prices of medicines vary depending on the country, but prices in India are at the lower end.

Q- There are companies such as Cipla which have a completely different approach to HIV, for example?

A- In certain situations, in countries like India we give free licenses to companies like **Cipla** and others in order to make the drug available. The difference is that we pay for the research whereas Cipla doesn't.

Q- There are multiple challenges in India. One reason why companies such as Abbott bought an Indian company like Piramal is because, among other things, they needed local knowledge. Are you going to go alone in this market?

A- Our management is 100 per cent Indian. We don't manage the company by foreigners, all our management is Indian as you can see. But we recognise that we need to learn from other parties.

Q- The blockbuster drug discovery model seems to be under considerable pressure. Is that also one reason why exploring markets such as India are becoming more important for companies as large as yours?

A- A pharmaceutical company such as J&J has to be in places where there are significant opportunities to make an impact and demographics is an important factor. From that perspective, emerging markets have the most important demographics. We chose an important area for companies like us that address broad populations. So in that sense it's an area where companies like us are going to continue to invest in a disproportionate way thinking more of the long term.

The blockbuster model is over in the sense that if people are thinking that products in that which have very high level of sales, which address very broad medical needs and have a very strong promotional support, I don't think that it is the area companies are going now. More of these opportunities are in the smaller patient populations, as opposed to larger patient populations and as a consequence we are going to see more different medicines that are perhaps of a smaller size, but tailored towards very small patient populations. The way medicine is going to go is to have solutions that address smaller patient segments in a differentiated way. Ultimately the result is going to be the same, but what you call the blockbuster you may have five, six different smaller medicines.

Q- Obviously you need a different model of drug discovery as well. You can't do the same thing you were doing 10 years ago. You'd need people from that population for trials and testing. Does that mean the drug discovery model will bring more importance to countries such as India?

A- In every aspect of the **pharmaceuticals industry** the emerging markets are going to have a bigger participation, more commensurate with their importance. But it will be gradual. The development time of a medicine from an idea to the product can be 20-25 years. Over time, countries like India will have a bigger participation in drug development. It won't be overnight.

Q- What are the comparative sizes of your operations in China and India?

A- For different reasons, our operations in China are larger.

Q- What are the new medicines that you will launch in India?

A- We are expecting approvals for several medicines. One of them is a medicine for diabetes called Invokana, which works on a new mechanism of action. Diabetes is an opportunity, because it is particularly prevalent in India. We are also in regulatory process for a new medicine called Simponi for inflammatory diseases such as rheumatoid arthritis, which is also a big problem and can be debilitating. The company has been here since 1959. We now have this unique opportunity of having a number of new products approved.

Q- Is the Drug Controller General of India approving more products?

A- Now it is actually a matter of our own pipeline. We are able to have this number of new products that are going to be available to be approved and it is unique for us in India. It is a function of our own pipeline. For us India has been a priority market.

Q- Globally, which are the therapeutic areas where we will see major new therapies and drugs coming out in the future?

A- You have seen a surge in the number of medicines being approved globally. In fact, you see the **US FDA** approving more number of medicines vs. their historical average. So you are seeing some new technologies being used in drug discovery, genomics and proteomics, they are starting to yield a result in terms of new medicines. It has enabled us to understand better the pathways of the diseases and to identify targets that we can affect using medicines. In cancer, for example, there are medications that are prolonging life, for a longer period of time using your own immune system to combat the disease. It is becoming more evident in diabetes, newer approaches. It is becoming evident in immunological diseases in a very effective way. In areas that need improvement, we have massive problems with diseases such as Alzheimer's in need of a solution in which we are investing too.