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Takeda's View of the Chinese Market

(Source: an article prepared by Wang Wen and published by China Daily)

Takeda Pharmaceutical Co Ltd, considered Asia's largest drugs company by sales, expects China to lead the industry's growth across the emerging markets. Officials at the Japanese company predict that China's market will enjoy 25% compound annual growth until 2017, much higher than other main emerging markets, which they say will have an average of 13% annual growth.

Christophe Weber, president and chief executive officer of Takeda, said the company's business in China increased 20% last year and that the country is one of its three biggest emerging markets, along with Russia and Brazil. According to its plan, emerging market sales will contribute 27% of Takeda's total by 2017, although he underlined that emerging regions especially are prone to peaks and troughs and remain difficult to forecast. Weber said emerging markets have huge populations, meaning massive demand for medicines, including China where it has seen constant business growth. To expand its business in emerging markets, Takeda has established a specialty business unit focusing on offerings more flexibility to local buyers, said Weber.

The company has several facilities in China, including a research and development center in Shanghai and a factory in Tianjin. The latter used to export its products to other countries but shifted three years ago to focus solely on the Chinese market because "China's demand is too huge", said Haruhiko Hirate, Takeda's corporate communications and public affairs officer. Weber said he expects the Tianjin factory to be even busier in future, as sales grow in China. According to the China National Pharmaceutical Industry Information Center, China's medical care market is predicted to be worth more than 2.2 trillion yuan (US$354.4 billion) by 2019. "The market will maintain double digit growth as the population continues to age, health awareness improves, and affordability (of medicines) grows," said Guo Wen, the center's director.

Weber stated that it is vital for foreign pharmaceutical firms to closely monitor any changes in the local markets, to ensure facilities are designed to meet specific needs. Weber became CEO of Takeda in April 2014, becoming the first foreign president in its 230-year history, and has since spent increasing amounts of time in China to learn more from its local employees, partners and sales teams. He noted that China's medical tendering process and its industrial distribution systems are still changing, and his company needs to adopt new solutions to cope with those. His main goal is to turn the Japanese company into a truly global enterprise.

Over the past year, he explained, Takeda has been reorganized and three main growth areas identified, driven by strong current demand: gastroenterology (the branch of medicine focused on the digestive system and its disorders), oncology, or cancer care, and value brands, including its range of over-the-counter and generic drugs — all three of which Takeda has rich experience and strong research ability, he said.

In Brief . . .

- **AmerisourceBergen** reported a 12.8% increase in revenue (to US$34.2 billion) and a 15.7% increase in operating income (to US$455 million) for its fiscal 3rd quarter ended June 30th. AmerisourceBergen Drug Corporation (ABDC) revenue increased 9% during the period while **AmerisourceBergen Specialty Group** (ABSG) revenue rose 22%. Adjusted diluted earnings per share increased 18.8% to US$1.20 in the quarter.
- **Cardinal Health** will acquire **OutcomesMTM**, a privately-owned company that delivers personalized *Medication Therapy Management (MTM)* services to more than 5.5 million US patients through a network of more than 50,000 local chain and independent retail pharmacies, nationwide. Financial terms of the transaction were not disclosed.
- It was proposed at a recent government meeting in China that maximizing innovation and focusing on product quality should be prioritized in China's next Five Year Plan for the pharma industry. Meanwhile, data from the national health regulator have indicated a sharp rise in chronic diseases and obesity in the country.
- The global market for anti-counterfeit pharmaceutical and cosmetics packaging is expected to reach US$80.2 billion by 2020, reflecting a CAGR of 15.7% over the next 5 years. The hologram authentication technology segment accounted for about 52% share in 2014 and will continue to lead the market through 2020, mainly due to varied products and economic pricing. Epedigree authentication technology is expected to be the fastest growing segment among RFID anti-counterfeit technologies market, with an estimated CAGR of 21.5%.
- **Cardinal Health** introduced its *Adherence Advantage* program, which features an expanded suite of solutions designed to help retail pharmacies improve medication adherence. The program includes five adherence-boosting tools: *Cardinal Health Repackaging Solutions* (cost-efficient methods of repackaging prescriptions and over-the-counter medications for patients); Consumer adherence products (to help patients help themselves with medication reminders and accessories); *Dispill* (a low-cost, multi-dose packaging solution); *Pharmacy Health Connect* (a smartphone app that allows patients to easily refill prescriptions, set medication and refill reminders, etc.); and *Reimbursement Consulting Services* (an improved dashboard summarizes a pharmacy's key reimbursement and patient care opportunities).
- **Valeant Pharmaceuticals** will purchase **Mercury (Cayman) Holdings**, the holding company of **Amoun Pharmaceutical**, for approximately US$800 million, plus contingent payments. Amoun Pharmaceutical is the largest domestic company in the Egyptian pharmaceutical market and currently expects to reach EGP 1.75 billion (US$224 million) by 2015, with annual growth of approximately 20%.
- The **US Generic Pharmaceutical Association** (GPhA) has appointed *Chester "Chip" Davis, Jr.* as president and CEO,

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EU's Drug Authentication Organization Signs Framework Agreements

(Source: EMVO Press Release)

The European Medicines Verification Organization (EMVO), representing five organizations within Europe's pharmaceutical supply chain, has finalized its contract negotiations with three partners that will be the preferred providers to implement the repositories system throughout the EU in compliance with the European Union's Falsified Medicines Directive.

The repositories system will allow the verification for authentication of medicines in Europe. The EMVO states that it has designed a model that ensures a practical and cost-effective implementation of these repositories to minimize the burden of national stakeholder organization or NMVOs which eventually will be responsible for the establishment and management of the systems. This blueprint model includes a support plan or implementation package and a short list of preferred service providers.

The five EMVO stakeholders are: EAEPC - the European Association of Euro-Pharmaceutical Companies, which represents parallel distribution in Europe; EFPIA - The European Federation of Pharmaceutical Industries and Associations, which brings together 33 European national pharmaceutical industry associations as well as 40 leading companies undertaking research, development and the manufacture in Europe of medicinal products for human use; EGA - The European Generic and Biosimilar medicines Association, which represents generic pharmaceutical companies and their subsidiaries throughout Europe, either directly or through national associations; GIRP - The European Association of Pharmaceutical Full-line Wholesalers (Groupement International de la Repartition Pharmaceutique), which represents the national associations of over 750 pharmaceutical full-line wholesalers serving 33 European countries, including major pan-European pharmaceutical full-line wholesaling companies; PGEU - The Pharmaceutical Group of the European Union, which is the European association representing more than 400,000 community pharmacists. PGEU's members are the national associations and professional bodies of pharmacists in 33 European countries, including EU Member States, members of the European Economic Area (EEA) and the European Free Trade Association (EFTA) and EU applicant countries.

Aegate Holdings Limited, Arvato Systems GmbH and Solidsoft Reply are the three valued partners chosen by EMVO. The national arms of EMVO (NMVOs) will have the opportunity to select a service provider best suited to establish a repository system in their Member State. Through the engagement of the whole pharmaceutical supply chain and with the support of these new partners, the EMVO believes it has taken a major step to secure the legitimate supply chain and to prevent falsified medicines from reaching patients. EMVO Director General ad-interim, Andreas Walter, said: "The agreement with our new partners brings us a step forward in the fight against falsified medicines. We would like to encourage national stakeholders to take the example of EMVO, establish NMVOs, and sign up with one of our selected service providers".

In Brief (cont.). . .

replacing current CEO *Ralph Neas*, effective Aug. 18. Davis has most recently led a pharmaceutical trade association's government affairs and advocacy program, membership recruitment and retention efforts. He also brings experience from holding senior management roles at a global innovator drug company.

(Sources: AmerisourceBergen, Cardinal Health, Drug Store News, MarketWatch, Pharma Japan, PharmAsia, PipelineReview, PRNewswire, Scrip and The Wall Street Transcript)

J&J Transforming the Continuum of Care

(Source: An article prepared by Michael Johnsen and published by Drug Store News)

Like retail pharmacy, the future of Consumer Packaged Goods-healthcare is transforming into a more value-driven model, according to the author. Rather than a focus on getting new products to the shelf, necessarily, the OTC business is moving towards building the most efficient and effective platform that delivers outcomes, improving health information to the end consumer.

Johnson & Johnson is focused on doing just that noted Sandi Peterson, J&J group worldwide chairman. "The consumerization of healthcare, wearables and mobile apps are giving patients unprecedented access to health information," she said. "We are at the tipping point, where technology is becoming the medium through which healthcare can become a more effective and efficient system. The opportunities this creates for Johnson & Johnson to become a healthcare technology innovator are immense."

Earlier this year, J&J partnered with IBM's new Watson Health Unit to create intelligent coaching systems centered on preoperative and postoperative patient care, including joint replacement and spinal surgery. J&J also targeted the development of new health apps focusing on chronic conditions. "Our broad base across the healthcare spectrum is a competitive advantage when the strategies we create consider and, where appropriate, incorporate insights and innovations from every aspect of our operations to attack disease and improve health outcomes," added Alex Gorsky, J&J chairman and CEO. "The work we are doing with IBM and Apple does this by cutting across the enterprise and leveraging our science, technology and consumer insights to empower patients and caregivers to help speed the post-surgical recovery process."

J&J is also actively engaging other healthcare partners on developing health technology. "We are working with and talking to nearly every major technology company and many early stage companies," Peterson said. "We are collaborating with retailers like Walgreens and CVS, where care is increasingly delivered, health plans like Aetna and Kaiser Permanente and health systems such as Jefferson Health and Premier to leverage technology digital tools and our health and wellness expertise," she said. "We find that Johnson & Johnson is most often the partner of choice for technology providers. We have the patient and consumer insights, the clinical and behavior modification expertise and the regulatory experience that can combine with technology to transform the continuum of care."