

accessing all areas

GSK is seeking to bring more 'organizational focus' to bear on its work in providing medicines and vaccines to the world's poorest people. As a result it has set up a special operating unit that will co-ordinate and strategically define its work in the 49 least developed countries

GSK is recognised for its efforts in the access to medicine (ATM) field. It came out comfortably on top of the global ATM index in 2008 and again in 2010 – and has won numerous other awards for its work on extending access to medicines that tackle HIV/Aids and tropical diseases.

The pharmaceutical giant is not resting on its laurels, however. Now it has shaken up its entire approach to expanding market access by creating an operating unit specifically concerned with ATM in the developing world.

The unit, which integrates GSK's pharmaceutical businesses across the world's 49 'least developed countries' (LDCs) as defined by the United Nations, will aim to give 'organizational focus' to the challenges of increasing access to medicines in the developing world. Creating the unit has involved a significant amount of internal reorganization, leading to the establishment of five regional hubs with around 700 employees. However, although it is a big undertaking, it has essentially cost nothing to carry out.

The genesis of the move, carried out in the summer of 2010, was a series of major policy announcements from GSK made in the previous year, in which the company unveiled plans to cut prices of its drugs in LDCs to no more than 25 per cent of UK levels, re-invest 20 per cent of profits made in LDCs in healthcare infrastructure, and contribute to a patent pool for neglected diseases.

To complement these moves, it has also opened a research and development centre in Madrid, Spain, where it is working in partnership with other companies, non governmental organizations and governments to help combat tropical diseases such as malaria.

Duncan Learnmouth, who is head of the new Developing Countries and Market Access unit, says the aim is to take the company's policies and programmes on access to medicine 'to the next stage' by allowing the business to engage in longer-term planning and offering the chance to apply a flexible ATM strategy in the countries that need it most.

Learnmouth is keen to stress that the unit is not a charitable venture, however. 'It's really important that the unit makes a profit, both from the perspective of financial discipline and sustainability,' he says. The unit does, however, have a dual target that includes the volume of drugs distributed as well as the amount of money made – and it focuses on

the company

GlaxoSmithKline, formed in 2000 after the merger of Glaxo Wellcome and SmithKline Beecham, is the world's third-largest pharmaceutical company. The UK-based multinational employs around 100,000 people globally, and posted revenues of £28 billion (€32 bn, \$45 bn) in 2009. Since its formation the company has:

- instituted a pricing system for its patents that means people in the world's poorest countries pay no more than 25 per cent of UK prices where GSK is the sole supplier
- shipped tens of millions of HIV treatment tablets, at a preferential rate, to Africa
- donated more than 100 million tablets for the treatment of tropical diseases such as lymphatic filariasis
- delivered one billion vaccines to developing countries in 2009
- contributed \$1.4m of medicines to support victims of the recent Haiti earthquake.

pricing strategies that can increase volume while maintaining the same profit-levels. 'If we made £1 million profit supplying 100,000 patients, then we'd try to see how we could make £1m profit supplying a million patients,' explains Learnmouth.

Strategically, the unit has a two-pronged approach based on affordability and accessibility. Affordability, first and foremost, means adhering to GSK's pledge of keeping medicine prices in LDCs at 25 per cent of



■ GSK's new unit will help it to co-ordinate and prioritize the distribution of vaccines and medicines throughout the world



■ The unit will seek to continue and expand initiatives such as its current African Malaria Partnership Programme

UK prices. But it's also about getting the right portfolio for individual countries. The company's recent licensing agreements with Aspen in South Africa and Dr Reddy's in India, where GSK acquired a portfolio of branded generic products for cardiovascular, diabetes and gastroenterology treatments, could be repeated in other developing countries. And

Learmouth says part of the aim of the unit is to 'listen to needs on the ground'.

But it's one thing to provide cheaper medicines, quite another to make sure they get to the people who need them most. So GSK is continuing its work on trying to improve healthcare infrastructure in various countries, with a particular focus on expanding successful activities and initiatives already in existence. The unit is also looking into the idea of allowing 20 per cent of any profits it puts by for investment to be managed by an NGO, in the hope that third-party 'ownership' will encourage other companies and organizations to get involved.

Distribution is also a very important area that will be looked at. Historically, GSK has considered its supply chain to end at the warehouse, but the company's new department will seek to go beyond that point. It will do this by looking into partnerships with wholesalers and distributors, incentivising particularly underserved markets, using its own expertise in logistics to help certain countries, and looking into other innovations such as mobile health units.

There are other avenues the unit is exploring. Its

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'discount cards' initiative, for example, will allow low income individuals a further reduction on medicines and is already in place in Lithuania, Ukraine and Vietnam. If successful, the idea could be replicated in other, poorer countries.

The unit will also be making an effort to expand its presence in countries where it has little or no business. At present it supplies around 35 of the 49 LDCs, with its main capacity for expansion in Africa in countries such as Somalia and the Central African Republic. Unit administrators say they are willing to see what can be done even in 'very difficult areas', especially in partnership with NGOs and UN organizations.

Andrew Witty, GSK's chief executive, has stated that the main aim of the unit is 'to hardwire ATM into the way we do our business', specifically by building on the company's commitment 'to change the landscape of healthcare for the world's poorest people'. If it succeeds, then it will maintain the company's reputation for leadership in the field but, more importantly, could benefit millions worldwide.

Further information: ethicalp.com/gskaccess



Big pharma companies are often criticised for producing drugs that are too costly for those in the UN's 'least developed nations'. Now GSK has a strategy that incorporates access to medicines into its core business. The unit has both to make a profit and increase volumes of drugs distributed.

Features that impress include:

- making market access part of mainstream business and not an 'add on'
- a commitment not to charge more than 25 per cent of UK price levels
- working at ways to expand access to medicines into 14, mainly African, countries that it does not supply at present
- allowing 20 per cent of any profit to be managed by an NGO, so that other organizations will be attracted to the cause.