

# Looking over the fence: foreign clinical trials and pharma in Japan and Korea

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# Outline

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- Japan's position in global pharmaceutical market
  - Drivers for deals
  - Activity in Japan's pharmaceutical sector
- Korea's pharmaceutical market
  - Drivers for deals
  - Recent developments and opportunities
- Opportunities for Australia
- Summary

# Japan's Position in Global Pharmaceutical Market

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- 2<sup>nd</sup> largest globally
- ~10% total global market share
- Japanese pharmaceutical companies have spend over US\$12bn acquiring US rivals since 2008

# Japan: Drivers for deals

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- ◉ Aging population
- ◉ Generics have taken off
- ◉ Increasing global competition
- ◉ Empty pipelines
- ◉ Patent expiry

# Activity in Japan's Pharma sector

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- Global position of top 4:
  - Takeda, Astellas, Daiichi Sankyo, Eisai
  - High R&D spend (18-50% of sales)
  - R&D budgets: Astellas and Daiichi Sankyo at least US\$1 bn, Eisai, around US\$1.5 bn
- Recent deals:
  - Takeda: Millennium Pharmaceuticals US\$8.8bn
  - Dainippon Sumitomo: Sepracor for US\$2.6bn
  - Daiichi Sankyo: Ranbaxy Laboratories (Indian generic drug maker) US\$4.6 bn
  - Eisai: MGI Pharma US\$3.9bn

# South Korea's Pharmaceutical Market

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- ◉ Market estimated to be worth US\$10.5bn in revenue (South Korea Pharmaceuticals and Healthcare Report Q1 2009)
- ◉ Expected to be worth over US\$15.4bn at the end of 2013 (CAGR of 7.65%)
- ◉ High growth and preference for branded goods makes it very attractive

# Korea: Drivers for deals

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- ◉ Ageing population
- ◉ Sector liberalisation
- ◉ Removal of certain prescription drugs from the reimbursement list
- ◉ Increased self-medication

# Activity in Korea's Pharma sector

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- Market Leaders: Dong-A Pharmaceutical, Daewoong, Yuhan, LG Life Sciences and Hanmi
- Dong-A Pharmaceutical:
  - 10.4 % increase to US\$559.75 M (2008)
  - Ambitious targets
    - Triple R&D budget focused on new product pipelines
    - Reach US\$1bn by 2010
    - Gave themselves 5 yrs to increase sales tenfold (by 2012)
  - Interested in entering generics market, but with new products to back this up long term
  - Strategy:
    - Aggressive R&D
    - Collaborations
    - Globalisation marketing strategy

# Recent Developments and Opportunities

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- Seoul hosted the inaugural workshop of the APEC Harmonization Center on Multi-Regional Clinical Trials
- Multi-region clinical trials
- High priority for strategic alliances

# Australian opportunities

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- ◉ Market opportunity – acquisition of capability and technology
- ◉ Domestic clinical trial services
- ◉ Multi-region trials
  - Cost structure
  - Reputation
  - Regulatory acceptability by the FDA
- ◉ Strategic alliances - universities and other collaborative relationships

# Summary

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- ◉ Japan and Korea - expand globally
- ◉ Strategies - aggressive R&D and technology and capability acquisition
- ◉ Australia - a stepping stone for the US & EU
- ◉ Opportunities for Australia:
  - Clinical trials
  - Collaboration

# Contact us

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