

Stakeholder dialogue session
London, 14 June 2007

Research into diseases of the developing world

Context facilitated a workshop in June 2007 to seek stakeholder views on GSK's approach to expanding research into diseases of the developing world.

This was the second in a series of stakeholder workshops covering different aspects of access to medicine in the developing world.

These dialogue sessions enable stakeholders to raise their views in an open and frank way. It is useful for GSK to hear different perspectives when developing policies, even if the company does not always agree with them. Participants attend the meeting on the understanding that they should not expect GSK to incorporate all the divergent views in its policies.

Attendees

Guests:

Jo Allen, Chair, Pharmaceutical Shareowners Group
Ted Bianco, Director of technology Transfer, Wellcome Trust
Gavin Bryce, Advocacy Officer, TB Alert
Martin Carroll, Committee & Research Officer, BMA
Susie Cox, Programme Manager, AMREF
Peter Dukes, Infections and Immunity Board Programme Manager, Medical Research Council
Jeff Mecaskey, Head of Health, Save the Children
My-Linh Ngo, Analyst, Henderson

From GlaxoSmithKline:

Julia King, Vice President Corporate Responsibility, GlaxoSmithKline
Jon Pender, Director of Government Affairs, GlaxoSmithKline

From Context:

Beckie Herbert, Senior Consultant, Context
Simon Propper, Managing Director, Context (facilitator)

Agenda

Stakeholders were asked to give their views in three areas:

1. Is GSK's approach to R&D into developing world diseases appropriate?
What more could GSK reasonably be expected to do?
2. Are PPPs an effective model?
3. How could current PPPs be improved?

General feedback

Access to medicine should be a priority for GSK

Many investors, particularly in the socially responsible investment community, now see access to medicine in developing countries as an important issue for pharmaceutical companies. There is also growing interest in this subject among the medical community.

GSK should undertake research to quantify the benefits of its access work. This would be useful for investors and generate positive PR.

"There is a growing recognition in the investment community of the relationship between environmental, social and governance issues and financial performance. There is general agreement between SRI and mainstream investors that performance on access to medicine has implications for financial performance. It is part of their implicit licence to operate – they have to serve wider social needs."

"Investors are broadly supportive of your approach but would like to know the financial value. GSK should undertake a proper evaluation of the value of PPPs, including the future benefit of bottom of the pyramid markets, data collection, tax breaks, political goodwill, and the value of favourable PR. This would help to build the business case and convince investors."

One participant pointed out that there are risks to taking an active stance on access to medicine, as well as potential benefits.

"It is easy to get your fingers burnt – as Novartis learnt when they had a very successful drug but didn't get the production capacity there in time. They got it wrong and got a rollicking in the press."

GSK's approach - strengths

R&D is an important element of access to medicines

There was positive feedback on GSK's current approach to R&D for developing world diseases. Participants would like GSK to continue and expand its work in this area.

"GSK is the market leader in PPPs. You can be proud of the level of engagement and the breadth of your portfolio – even hardcore activists recognise it. GSK should continue and do more."

"The overall impression of GSK among investors is very positive. You've shown commitment in the level and scope of your funding. You put high calibre individuals forward to advisory bodies."

"GSK is one of the leaders in this area both in the breadth of their activity and their focus on the WHO 3 priority diseases. They are flexible in their approach and quite open. We very much like their vaccine."

Public private partnerships (PPPs)

The value of PPPs

There was broad support for the PPP model. Participants felt that PPPs have the potential to help improve health in the developing world. However it was pointed out that most PPPs are still in their early stages. Participants felt that GSK should not become complacent or see PPPs as the answer to all access to medicine issues.

"PPPs have lots of advantages. They score highly on affordability, speed and many other factors. It has really altered the research landscape."

"The trend to fragment the research process makes partnership critical. Large pharma companies can bring negotiation, product development expertise, commercialisation – all key contributions in ensuring this work is more sustainable. Still very early for PPPs but fair to say there are many positives as well as some pitfalls."

"Companies should see PPPs as one element of their access strategy. It's early days and they shouldn't put all their eggs in one basket."

How could their effectiveness be improved?

Participants made suggestions for how PPPs could be improved. These included comments relating to: governance; objective research into needs; speculative early stage research; and long-term funding.

"The role of each partner must be thought through from the early stages. There needs to be a system to monitor progress."

"It is essential to have an objective basis for policy and plans. Moran's research looking at trial capacity for malaria vaccines found the capacity is already there. You shouldn't take anecdotal evidence as proof – but invest in high quality, peer reviewed research that asks the right questions– do we need more capacity? This isn't cheap but it is essential."

"PPPs are valuable but the problem is they behave like a business and are just as hard nosed. A lot of early speculative ideas have as much trouble getting development funding through a PPP as through other mechanisms. Tres Cantos needs a feeder organisation freed up to be speculative. It should be a collaboration and interact with the research community."

"The big worry is this work is very reliant on non-sustainable funding. Where will the money come from for phase III trials?"

Partnership overload?

Although participants welcomed the advent of PPPs, several spoke about the potential problem of partnership overload. To avoid this GSK should: focus on the areas where the company can add most value; share information widely to avoid duplication; and ensure that the PPPs in which it participates are well managed.

"There are over 34 PPPs and its becoming a bit of a riot. People are making generous gestures but a lot of its being frittered and lost. The players should create an organisation to manage this and distribute medicines."

"There are concerns about partnership overload. GSK should be wary of this and emphasise the areas where they can add most value. Tell us what's not working so others can learn from your mistakes."

Opportunities for improvement

Industry must collaborate

It was suggested that GSK should collaborate with its competitors on access issues. Since positive work by one company on access to medicine can easily be undermined by the bad performance of another company. Collaboration could include sharing information on R&D into developing world diseases and joint lobbying on access to medicines.

"Big pharma do get lumped together and bad performance by one affects all the companies. We would encourage GSK to work more closely with other companies or at least to collaborate with national medical associations. Together we could do a lot of joint lobbying on these issues."

"GSK is damned if the industry at large is not doing well. The average man on the street can't differentiate between you. They read in the press that some drug or other is under a cloud and the whole industry is tarred with the same brush. Collaboration is vital. It is worth experimenting with a consortium approach. You're doing this on non-competitive issues such as genomes - so why not on this? An honest broker would help make it work."

R&D capacity in Africa

GSK could make an important contribution to improving research capacity within African countries. Several participants felt this should be a focus for the company in future.

"One barrier to successful R&D and PPPs is the lack of human resources capacity in Africa. One area GSK is not doing well is sharing its people with partners – you should lend out your experts to help build capacity."

"There is a real lack of R&D capacity in Africa. We need to attract and retain African researchers. We could run an African professorship scheme with funding for the host institution in partnership with industry."

"Countries have to take responsibility for dividing resources responsibly. But industry and organisations such as the MRC should help governments to create the broader research environment and determine priorities."

Distribution and infrastructure

Several participants noted that distribution problems prevent many sick people in Africa getting the drugs they need. It was suggested that this issue should be a concern for GSK because it will limit the impact of new drugs developed through PPPs.

Although distribution is not necessarily GSK's responsibility it was felt the company could help in this area. For example, by helping to establish a PPP for delivery.

"80% of drugs never get to patients in Uganda because of infrastructure and distribution problems. Industry needs to work with governments to get drugs through."

"PPPs focus very narrowly on products – not delivery which is critical. Why not involve companies like the AIG? They could come up with innovative delivery mechanisms for Africa – but no one is asking them yet."

"You do all this work on PPPs for new products and most don't end up reaching the people that really need them. NGOs and others hate having to distribute the products from each company separately – it wastes time and resources. A PPP could distribute nfp products from all industry players."

"The pharma industry should collaborate more and engage companies such as Deloitte who have expertise in supply chain technology and logistics."

Opportunities at the bottom of the pyramid

One participant suggested that GSK should look beyond PPPs and adopt a 'bottom of the pyramid' approach. This could make GSK's developing world R&D more commercially viable.

"Industry should adopt different business models. Currently it's about low volumes sold at a high price – that's not sustainable in terms of global disease patterns. Bottom of the pyramid thinking would help the pharma industry respond to society's needs. Developing countries are going to be the growth markets of the future so you shouldn't think about this work as non-profit – it's all about time frames and working for your company's future. In addition, diseases like TB and malaria will become more prevalent in other regions due to climate change."

Other suggestions

Participants made a range of other suggestions on how GSK could improve its approach. These included: collaborating with academia, devoting more resources to R&D for DDW, and increasing transparency.

"GSK seems removed from academia – they should get more involved. The ODI study has several recommendations on PPPs – GSK should look at it."

"In all GSK's mergers and acquisitions there are often two things not needed – some people and some technologies. Why not use this spare capacity in your CR work – they do work in neglected diseases that other parts of the business are too busy to do."

"We need to know the current investment in TB research. GSK refused to provide this information which would have been very useful to me in my work. GSK should be transparent or at least say why not."