



Leverhulme Centre
for Research on Globalisation and Economic Policy

New challenges require more risk, GlaxoSmithKline CEO tells audience at GEP

Lecture briefing

Healthcare companies need to be more flexible and innovative if they are to advance the future cause of medicine, the head of GlaxoSmithKline has told an audience at GEP.

GSK Chief Executive Officer Andrew Witty said factors such as the global demographic surge and emerging markets were making far-sighted new research more vital than ever.

He made his comments in a keynote lecture during a visit to the Centre.

GlaxoSmithKline is among the world's largest healthcare companies and created one of the swine flu vaccines currently being used around the globe.

Describing the pharmaceuticals industry as "politicised, high-risk and very capital-intensive", Mr Witty told his audience: "There are few businesses that operate on horizons as long as ours – or are as risky.

"Take the production of our swine flu vaccine. GSK started investing in the research and technology that have made that vaccine possible back in 1992, and the first production batches were completed just three weeks ago. Over the recent few years alone we have invested more than \$3bn to build up our capabilities so we can deliver a vaccine.

"If I also tell you that for every hundred molecules we take into development only one will be launched, it gives you a sense of how long-term and risky this business is."

With an outlay of £3.6bn every year, GSK is by far the largest private sector research investor in the UK.

Mr Witty, who studied economics at the University of Nottingham, added: "We have 13,000 researchers in GSK. They all work to very long time-frames – often in excess of 10 to 20 years.

"We are totally focused on how to keep these scientists motivated, because they have the ability to really make a difference – they could find that holy grail, that needle in a haystack.

"Making sure drug discovery is not an industrial process but rather a product of small, focused and empowered teams is key.

"On top of all of that, the world is very dynamic right now. Massive demographic, political and economic change is making the affordability of healthcare provision a bigger issue for governments everywhere.

"Think about how that plays in a business where it takes you 20 years from the beginning of the investment curve to seeing a product.

"How are you going to figure out whether you're still in synch with what the market needs? Because what the market said it needed 20 years ago may be very different from what the market needs today.

"The reality of today is that you have to push yourself further out on the risk curve. The idea of developing medicines that are a little bit better than the ones we already have is really a waste of time.

"You have to be looking more and more for treatments for diseases that have so far not been met or treatments for diseases that are materially advanced from what's out there today.

"This is where you will begin to see vaccine technologies move away from areas you're familiar with, like flu and pneumonia.

"You'll start to see vaccines for the treatment and management of cancer, chronic obstructive airways disease

and, ultimately, nicotine dependency and other conditions that up until now you would not really have considered potentially viable.”

Mr Witty said a shift towards new economies was also changing the industry’s focus, adding: “In the past it was all about the US and, to a lesser degree, Europe. Today both are still important markets, but they’re both clearly mature.

“The growth is clearly in the emerging economies of the world, particularly China, India and Brazil, supported by the emerging Asian economies and the Middle-East/North African territories.

“Those are where you’re seeing tremendous liquidity and great moves forward in terms of healthcare prioritisation, and as a result you have to re-engineer your organisation to fit that.

“But that doesn’t mean we’re just focused on these markets. We’re also committed to doing all we can for the world’s poorest countries and Neglected Tropical Diseases in particular.”

Earlier this year GSK announced the creation of a “patent pool” revealing all its intellectual property regarding the most neglected diseases in Africa.

It also pledged to cut the price of its patented drugs in Africa by 75 per cent and redeploy a sizeable percentage of profits straight back into healthcare infrastructure.

Mr Witty said: “We’ve started to challenge the way in which the industry operates in the least developed countries of the world. We’re trying to change the agenda.

“There’s a moment when you realise you have in your hands a degree of influence or power – however you want to describe it – that very few people have.

“You’ll have it for a short period of time – and at the end of that period how are you going to look back and feel about how you used that influence?”

About GEP

GEP is based at the University of Nottingham and is substantially funded by grants from the Leverhulme Trust.

In January 2008 it opened GEP in Malaysia at the University of Nottingham’s purpose-built Semenyih campus, 30km from Kuala Lumpur.

In November 2008 it launched GEP in China at the University of Nottingham, Ningbo, China.

GEP is keen to promote its research work and is committed to communicating its expertise through the media and to assisting journalists whenever able.

Website: www.gep.org.uk

“Are you going to look back and say: ‘I did a great job of serving shareholders?’ Or are you going to look back and say: ‘I did a great job of serving shareholders and did everything I possibly could for a population who are underserved and not getting what they need from the system?’

“My view is that I want this organisation to do the most it can possibly do for people who find themselves in the situation I’ve just described.”

Mr Witty delivered his speech as part of GEP’s Leverhulme Globalisation Lecture Series, which features major commentators and analysts from the media and senior figures from the policymaking and business communities.

GEP lectures

GEP hosts a number of public lecture series.

The Nottingham Lectures in International Economics represent a ‘masterclass’ series and attract leading academics from around the world.

The World Economy Annual Lecture, The World Economy Annual Asia Lecture and The World Economy Annual China Lecture are all sponsored by Wiley-Blackwell, publisher of The World Economy.

The Leverhulme Globalisation Lecture Series attracts speakers from the policymaking, business and media communities.

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