

EYEING NUMBER TWO

New MSD in RP to build out from merger pipeline

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The new Merck Sharp & Dohme (MSD) in the Philippines faces the challenge of matching the new heft of its parent firm Merck & Co. Inc. The merger of Merck & Co. with Schering-Plough Corporation in November this year created the world's second-largest pharmaceutical company, with the bulk of new revenues expected from areas outside the United States. The company now operates in more than 140 countries.

Globally, the two merged companies are said to balance each other's expansion reach, with MSD more established in developed countries and Schering-Plough ahead in presence among emerging markets.

Chris Tan, MSD Philippines managing director, hopes the merger will be more than the sum of its parts in the Philippines, with the new MSD gunning to be in the top three of the local pharmaceutical market. "If we are to become the image of the global company, we should have the potential to grow to number two," Tan said.

The combined MSD Philippines and Schering-Plough would account for the sixth-largest drug company in the country. The two companies, however, will remain separate legal entities in the Philippines for a time pending the full integration of operations under the MSD name.

Tan admits that there is still a long way to go, but he believes the new company now has the pipeline and the people to be near the top of the heap. It intends to expand its local market base in the next two to three years through a product pipeline significantly energized by Schering-Plough's strong R&D position.

"We would be in a very good position to grow, primarily because of our portfolio. New products are the source of growth," he said. "In fact when you look at the number of new products, we have to be selective and make sure we launch the best product possible for the Philippines so that the most number of people will benefit from it."

First in the pipeline

The first product in the Philippines under the MSD-Schering Plough combine has



MSD Philippines

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already received regulatory approval and will be launched by January 2009. This is Bridion, a drug for the immediate resuscitation of postoperative patients from general anaesthesia. It emerges from the Schering-Plough side of the combined pipeline, an R&D trove with 15 products in late stages of development across critical therapeutic areas.

Its robust pipeline will see the new company coming up with new products almost every year, according to Tan. After the first three years, the MSD side of the R&D pipeline will have the lion's share of the new drugs coming on-stream.

Over the short-term, one of the key contributions from the MSD side of the pipeline will be a new lipid-lowering drug called nicotinic acid/laropiprant (Tredaptive). Schering-Plough weighs in on MSD's established cardiovascular portfolio with two of its products, ezetimibe (Ezetrol) and ezetimibe-simvastatin (Vytorin).

Tan said that the cardiometabolic-disease area is one of seven categories where the existing and future product portfolios of the two companies have a clear fit. The company intends to be a dominant player in the antidiabetes and cardiovascular areas in a few years' time.

"So when you bring it together, it gives a broad range of medicines that can control many types of patients," he said. "This would

allow us to help doctors who see patients with multiple health problems."

The other therapeutic categories the company plans to build out from are women's health, endocrine, neuroscience, ophthalmology, oncology, and infectious diseases. In women's health, MSD's cervical-cancer vaccine, Gardasil, is expected to synergize with Schering-Plough's battery of contraceptive and fertility drugs to provide specialists with a complete approach for women patients.

Schering-Plough also brings in a consumer and animal-health-care portfolio. MSD external affairs head Karen Villanueva says Schering-Plough's consumer-health presence is a big plus for the new company as it provides a good lift-off for corporate efforts to talk directly with consumers. Some household names in the Schering-Plough consumer line are Coppertone, Claritin, and Contractubex.

With the bigger resources of the two companies, bigger local community programs are on the drawing board. On a global basis, MSD recently partnered with GlaxoSmithKline for a research initiative on vaccines for developing countries.

"We know full well that if individual companies go into this on their own, we may not be able to put enough critical mass of investment to make something out of it. Research can take up to US\$800 million to US\$1 billion to develop a product," Tan said. **M**