

As Almirall launches its first headquarters in the UK, *Peter Mansell* talks to Carlos Gallardo about the company's plans

# Almirall hits the ground running in the UK

In the prevailing climate, with its battered economy and budget-conscious NHS, it may seem incongruous for a new contender to come striding into the UK market with promises of rapid growth.

But Almirall, the Spanish company that officially opened its local headquarters at Stockley Park on the outskirts of London last month, has hit the ground running with a niche strategy centred on dermatology.

Almirall's existing portfolio already makes it a top 10 player by sales in the UK dermatology market, with room for double-digit growth in these products alone, says Carlos Gallardo, General Manager for the UK and Ireland.

"Our aim is to position ourselves as a key player in dermatology in the UK," he adds. The longer-term strategy includes product launches from the Almirall pipeline, both in dermatology and other fields, as well as the active pursuit of licensing and acquisition opportunities.

The UK launch is the latest twist in a narrative that has seen Almirall evolve from a local company, dependent on R&D but also on in-licensed products, to an international player with a diversified portfolio and a substantial R&D pipeline.

Founded by Antonio Gallardo in 1943, Almirall was prescient enough to blaze a trail for research-based medicine during the 1960s, when no patent protection was available in Spain. A merger with Prodesfarma in 1997 made it the number one force in the local market and, from the late 1990s onwards, Almirall started to build a physical presence abroad.



Now the UK can be added to the roster of key European countries in which Almirall has established affiliates, along with France, Germany, Italy, Belgium, Portugal, Austria, Switzerland and Poland.

The last three came through an acquisition that was pivotal in shaping Almirall's approach to the UK market. In August 2007 the company paid Reckitt Benckiser £255 million for Hermal, the leading specialist prescription dermatology company in Germany. Reckitt Benckiser was already distributing Hermal's products in the UK.

Soon afterwards, a second acquisition in the same year helped lay the foundations for Almirall's UK debut. In October 2007 the company snapped up eight products and part of the associated European sales network from Shire for US\$213 million. The two "most important" of these brands – *Solaraze* and *Vaniqa* – were in the dermatology category, Gallardo points out.

This is where Stockley Park comes in. As Gallardo explains, Almirall now had a "very good critical mass" to get started in the UK market. It supplemented this core portfolio by taking back outlicensed proprietary products such as the anti-inflammatory *Preservex* (aceclofenac, from UCB) and the migraine treatment *Almogran* (almotriptan, from LPC), giving Almirall Limited a full quotient of 14 products.

All the same, the UK affiliate is "today a dermatology company", Gallardo stresses. Not only is the category aligned with corporate goals – the three pillars of Almirall's R&D strategy are dermatology, respiratory conditions and autoimmune diseases – but the dermatology assets offer the most potential in the UK context.

"It's a market that is growing in single digits and for a company like Almirall it's very attractive," Gallardo comments. "First, we have the necessary R&D capabilities in-house to provide the kind of innovation the market demands, – mainly from our centre of excellence in dermatology in Reinbeck (Germany) – and also for a mid-sized company such as ourselves it's an area where we can compete effectively."

The UK positioning is firmly at the professional end of the market. One or two products have dual prescription-

only/General Sales List status but the company is not venturing into the over-the-counter sector. The dermatology portfolio is available on the NHS and marketed through ethical channels only, targeting dermatologists and GPs with a special interest in the category.

The core strategic brands are *Solaraze* (diclofenac sodium), a gel indicated for the treatment of actinic keratoses; *Vaniqa* (eflornithine) a cream for women with unwanted facial hair; and the *Balneum/Balneum Plus* range of bath oils and creams for eczema and dry skin. These products are patent protected and "we have ambitious growth targets for them" in the UK market, Gallardo says.

Also in the dermatology portfolio are *Unguentum M* for dry skin conditions, *Aknemin* (minocycline), *Aknemycin Plus* (tretinoin/erythromycin) for acne and *Curatoderm* (tacalcitol) for psoriasis. Further launches are planned in the mid-term, with one product coming onstream this year and one in 2010.

### A positive pipeline

Then there are dermatology pipeline assets, the most advanced of which are a topical anti-inflammatory (LAS41002) for eczema and psoriasis and a topical combination (LAS41005) for actinic keratoses.

The existing portfolio is generating annual sales of approximately £30 million in the UK. "Our promoted portfolio is doing very well," Gallardo comments. "The company is going to grow well into double-digit figures – well ahead of the industry average and well ahead of the dermatology therapeutic area."

What gives Almirall an edge in the category is strong market positioning, unique propositions and formulations that appeal to dermatologists, he says. For example, *Solaraze* has a significant market share among topical products in the mild-to-moderate actinic keratoses segment, while *Vaniqa* is the only topical non-hormonal treatment approved as a prescription product in the UK for facial hirsutism in women.

*Balneum* competes in a very competitive emollients market, but with *Balneum Plus* cream Almirall has something special, Gallardo believes. "It has anti-pruritic properties and it's a urea-based cream," he explains. "Most of >



Carlos Gallardo, Almirall's General Manager for the UK and Ireland



From left: Dr Jorge Gallardo, President and CEO Almirall, with Lord Peter Mandelson, Secretary of State for Business, and Carlos Gallardo

the products in this market are paraffin-based and the urea-based products are superior, according to dermatologists.”

This kind of specialised, niche positioning is reflected in the way Almirall has approached the challenge of marketing dermatology products to an increasingly complex and payer-driven NHS. The company has its own salesforce, part of it acquired through the Hermal and Shire deals. Out in the field, sales teams are structured along key account management lines and geared to specific primary care trusts.

Sales representatives have “complete ownership of their territory”, Gallardo says. “The company gives them the flexibility to focus their activity where they think they are going to make the biggest impact. So they have a business plan they have to propose to us and, once it’s approved by the supervisors, they have significant leeway in executing that plan.”

NHS decision-making “has been regionalised or delegated to the PCTs and therefore we effectively have 152 mini-markets,” Gallardo observes. “The level of sophistication of the PCTs is very diverse, and so what works in one PCT doesn’t necessarily work in another. You need to empower the people in the field who understand the uniqueness of their customers.”

The strategy also speaks of a corporate culture in which salesforce administration is minimised and representatives are encouraged to tailor their activities according to local conditions. “Employees are a name not

a number,” Gallardo comments. “The company values and listens to everyone, the management is very accessible and it gives them a very clear understanding of what the goals, ambitions and strategies are going forward.”

He also sees Almirall as well equipped for a marketplace that increasingly demands value-based medicine. “The portfolio we are putting our resources behind does deliver value,” Gallardo insists.

*Solaraze*, for example, is an effective treatment for a “very serious condition”, while *Vaniqa* addresses a problem that is not just highly visible but carries a heavy psychological burden. For all that, Gallardo notes, the pressure to show value is not as intense in dermatology as in some other areas, partly because treatment costs are comparatively low.

Almirall’s UK business is not all about dermatology. One category it is developing for the medium term is respiratory disease, which Gallardo says will provide a “second axis” of growth. “We have very promising assets in our late-stage pipeline that we will roll out in the UK.”

These include aclidinium bromide, a once-daily anti-cholinergic bronchodilator for chronic obstructive pulmonary disease, a combination of aclidinium bromide and formoterol, and a long-acting beta-agonist for asthma and COPD.

“Respiratory is an area where Almirall is committed to making a difference,” Gallardo comments. “Given the characteristics of the UK market, it’s

the most attractive market in Europe today.” Almirall will be promoting its respiratory brands directly in the UK, so “we’ll have to expand significantly in terms of manpower”, he notes.

“The UK affiliate will be an extension of our corporate offices, so whatever comes out of the pipeline will be distributed and marketed in the UK,” Gallardo adds. That means dermatology, respiratory diseases and autoimmune conditions. But the business development team in the UK is also considering acquisition and licensing opportunities that could take Almirall into other therapeutic areas.

### Looking for opportunities

With small companies starved of R&D financing, it is a good time to be looking around, Gallardo observes, particularly for a company whose level of debt leverage is relatively low. “So we are well positioned to capture the opportunities that are now out there.”

Last month’s office opening, with Business Secretary Lord Mandelson, commercial partners and representatives of the UK industry associations in attendance, was a testament to the depth and seriousness of Almirall’s ambitions for the UK market. The new location also indicates a company on the move, with easy access to Heathrow Airport and to major road arteries such as the M4 and M25.

The staff of 50 now installed at Stockley Park is ready to deliver the vision, Gallardo says. A recent round of one-to-one interviews with sales representatives communicated a “very positive energy” and a confidence that Almirall is moving in the right direction.

“The growth that we’re experiencing today, it’s not a one-off or one or two years’ worth, it’s sustainable,” Gallardo emphasises. “We have a pipeline in dermatology, we also have a very attractive respiratory pipeline that hopefully will deliver the goods in the medium term. And our business development team is very actively looking for further acquisitions in the UK and elsewhere.”