

# Big Pharma as a Catalyst for Change

## - February 13, 2009 Speech to Harvard Medical School – Andrew Witty, CEO

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In a speech titled “Big Pharma a Catalyst for Change,” CEO Andrew Witty set out an ambitious new agenda to tackle the challenges of improving global public health. In summary, Witty said:

- The task before us is huge. Africa, for example, has 34 of the 50 poorest countries in the world and suffers 24% of the global disease burden.
- To tackle the problems before us we need to scale up our existing commitments. But that alone will not be enough. We need to develop new partnerships and new approaches. We need to adopt a new mindset, one which is more innovative, open-minded, flexible and willing to take risks.
- Today we are setting out four commitments:
- First, a more flexible approach to IP in the Least Developed Countries. IP’s primary objective is to incentivise and reward research. However, there are plenty of neglected tropical disease where there is a severe lack of research. We need to see if we can use IP to help address that gap. One idea we are proposing is a Least Developed Country (LDC) Patent Pool for medicines for neglected tropical diseases. We would put our relevant small molecule compounds or process patents for neglected tropical diseases into the pool, allowing others access to develop and produce new products. The pool would be voluntary so as to encourage others to participate and any benefits from the pool must go in full and solely to LDCs.
- Second, on pricing. Today we are setting out a new promise: we will reduce our prices for patented medicines in the LDCs so that they will be no higher than 25% of the developed world assuming we can cover our cost of goods. This will be a maximum price – where possible we will go further and reduce our prices more aggressively. In middle income countries we will also be more flexible, so that prices reflect more closely a country’s ability to pay.
- Third, on greater collaboration in fighting Diseases of the Developing World. GSK is fully committed to research into DDW. We have a dedicated research centre into DDW in Tres Cantos, Spain which employs 100 scientists funded in part by our partners - including Medicines for Malaria Venture and the Global Alliance for TB drug Development. However, globally research into DDW is still too fragmented, which represents a sub-optimal approach. We need to have much greater critical mass and partnership between the public and private sectors. For our part we are willing to open up, allowing partners in to our facilities if that helps create a truly world-class, global centre of excellence, not owned just by GSK, but by all of its partners whether they are governments, foundations or other companies
- Fourth, by looking at how we move from being a supplier of drugs to being a partner in delivering solutions. We need to stop saying “it’s not our fault there is no infrastructure to deliver healthcare” and start saying “who can we work with to ensure that the infrastructure does exist?” To start with today we are setting out a new commitment in which 20% of the profit we make selling medicines in LDCs will be reinvested in infrastructure projects in the LDCs, benefiting the poorest people in the poorest countries directly. We need to do more. We never want to be seen just as a “Western” company. We need to be a local company

committed to addressing the specific healthcare needs of the country we operate in, building on our existing partnerships. An example of this is Brazil, where we are helping them build technical expertise so that in the long run they can produce vaccines themselves. We are setting ourselves the challenge of ensuring that we create partnerships in every country we operate in whether that is with a local company, public sector organisation or academic institution. These partnerships will tie us much more closely to the country we operate in, giving us a stake in its economic and social development. That is how it should be.

In conclusion, Witty said:

- The potential of what we can achieve by working in partnership is huge. Take malaria as an example. GSK has been working in partnership with PATH's Malaria Vaccine Initiative on a malaria vaccine for over twenty years. The vaccine is poised to go into Phase III efficacy trials. If this vaccine works, we need to make sure nothing gets in the way of access, least of all price. The children who need this vaccine are among the poorest in the world; that is why price cannot be a barrier to access. So we need to get the price right and we need to work with the international community to mobilise the resources to pay for it and the infrastructure needed to deliver, not least to remote communities. We developed this vaccine in partnership; we need to deliver it in partnership.
- What this shows is that we can work together. We need more such partnerships and a new and greater willingness to work together. At GSK we are fully committed to doing just that; we will not shirk from difficult issues or the hard decisions. We will evolve our business practices and model. In doing so we aim to be a catalyst for change.

#### **Enquiries:**

UK Media enquiries:	Philip Thomson	(020) 8047 5502
	Alice Hunt	(020) 8047 5502
	David Outhwaite	(020) 8047 5502
	Stephen Rea	(020) 8047 5502
US Media enquiries:	Nancy Pekarek	(919) 483 2839
	Mary Anne Rhyne	(919) 483 2839
	Kevin Colgan	(919) 483 2839
	Sarah Alspach	(215) 751 7709
European Analyst/Investor enquiries:	David Mawdsley	(020) 8047 5564
	Sally Ferguson	(020) 8047 5543
	Gary Davies	(020) 8047 5503
US Analyst/ Investor enquiries:	Tom Curry	(215) 751 5419
	Jen Hill	(215) 751 7002

**Registered in England & Wales:**  
No. 3888792

**Registered Office:**  
980 Great West Road  
Brentford, Middlesex  
TW8 9GS