

# DRIVING



# Success

In the engine room of a company, leaders and internal experts conceptualize and form direction. The decisions they make determine a company's success rate. It's in this capacity that Matt Emmens takes a lead.

He knows how to diagnose what's wrong with the engine and how to get all the components working together.

This is a parallel to his life outside the office, where Mr. Emmens also has a knack for all things mechanical: restoring classic cars, boating, and flying an airplane.

"My interest in mechanics is a good metaphor for what I like to do in business, which is to find things that need to be fixed, figure out what's wrong, and get all of the parts working together and running well," he says.

But there's a great deal more to it than that. Mr. Emmens is a business innovator and creative thinker, who has proven time and again that he's not afraid to chart a new course and take a risk to improve how a business operates.

At Astra Merck, a joint venture between Astra Pharmaceuticals and Merck that Mr. Emmens helped to establish, he was instrumental in defining what was at the time a new way to operate: a multifunctional team approach.

"At the time, this strategy was avant-garde; we were powering business units by allowing decisions to be made at all levels," he says.

With just four levels throughout the company, Mr. Emmens and Wayne Yetter, then president of the organization, ensured there was equal say across research, development, commercialization, and manufacturing; decision making was done at a team level.

Throughout his career,

## MATT EMMENS

has shown an entrepreneurial knack for developing innovative business strategies and taking companies into uncharted territories with highly successful outcomes.

As CEO and now chairman of Shire, his visionary approach is lifting the company to new heights.

While this has become a popular way to operate in recent years, there was little to no precedent in the life sciences for whether the model would be successful.

“This was probably the earliest multifunctional team in pharma; companies in other industries had done it — Apple, Patagonia, and Saturn — but nobody had done this in our business,” Mr. Emmens says. “Of course, there were naysayers, but we were pretty gung-ho, and ultimately the strategy worked.”

Since taking stewardship of Shire Pharmaceuticals in 2003, Mr. Emmens has been steering the company toward greater and greater success, but when he joined the company it had been going through a rocky period, with its stock value slumping from more than \$70 a share to about \$13 over two years.

Today, Shire has a healthy pipeline with about two dozen ongoing projects and has been described by several analysts as having the richest pipeline in the industry. Getting the company to this point has been both a challenge and extremely rewarding.

“To me, there’s something attractive about running a company that’s in a difficult position because when your back’s against the wall the only way to go is forward; it’s very clarifying,” Mr. Emmens says. “For employees it becomes very apparent what has to happen — either take action or go out of business. It may be a negative way to energize a staff, but it can be turned into a positive if people really hear the battle cry and can envision the future benefits. To me, this is a perfect environment. I think this is the same reason people go on white-water rafting trips — you either have a lot of fun or you can fall overboard and get wet; the chance of either of those things happening somehow energizes people.”

### An Organized MIND

Mr. Emmens is a consummate businessman who has deep insights into how the marketplace works, and he has an aptitude for problem solving. Having a degree in business administration along with the skills he gained while at Merck, which he joined immediately upon college graduation, have helped Mr. Emmens become the provocative leader he is today.

While not being a scientist made some aspects of working for a pharma company difficult early on — such as being unfamiliar with a medically slanted environment and terminol-



ogy — Mr. Emmens had business insights that many young researchers did not. And this knowledge became even more valuable as he progressed into management positions.

“I learned the language of business; I had knowledge of how investment works, how the stock market works, how companies get capital, and how success is measured in various ways, such as bottom line, return on capital investment, and net present value,” he says.

His decision to begin his career at Merck is testament to his thorough approach to decision making.

“The recruiter who came to our campus provided a balanced view of what the business was like, what the prospects were, and what the challenges would be,” Mr. Emmens says. “I got a better picture from him than I did from any of the 30 other interviews I had with other companies.”

At the time, Merck was a far smaller organization than it subsequently has become, and

it had an older product line — the average product was 15 to 20 years old.

When talking about his early career and experience in the industry, Mr. Emmens conveys a genuine sense of pleasure and excitement.

“I never had a bad day at Merck; that was a tremendous experience,” he says. “I got to work with a lot of great people in a company that was transforming itself.”

The period Mr. Emmens spent at Merck, from 1974 to 1993, was one of significant growth and huge advances in discovery.

“Merck was coming out with many firsts; products were coming one, two, three a year for a decade and it was a really exciting time to be there,” he says.

Among these products were the first safe and effective treatment for glaucoma, Timoptic; the first ACE inhibitor for blood pressure, Vasotec; and the first statin for cholesterol, Mevacor.

“Fortune magazine named Merck the most admired company for seven years in a row; the company had the most admired salesforce; and several times when I was head of sales training it had the most admired sales training program — that was an amazing series of accolades,” he says. “The company had access to some of the best people on the planet because of its profile.”

### Big PICTURE

His experiences at Merck gave Mr. Emmens a well-rounded understanding of what is required to achieve success as well as insight into the broader environment in which the life-sciences industry operates.

A challenging opportunity emerged when Astra Sweden and Merck decided to enter into a joint venture. Since 1982, Merck had been licensing Astra’s oral products for the U.S. market and the two companies decided to form a freestanding joint venture when sales of those products reached \$500 million, Mr. Emmens explains.

Merck colleague Mr. Yetter was named president and CEO of that venture in June 1991, and Mr. Emmens joined in November of that year as the second employee.

“Wayne and I set up Astra Merck first as a division of Merck and then in 1994 when we exceeded that sales milestone by about \$200 million it became a freestanding 50-50 joint venture,” he says.

Mr. Yetter held the position of CEO until 1996 and in January 1997, when he left to join Novartis, Mr. Emmens was appointed Astra Merck's new CEO.

"Astra Merck was a big success that made



Healthcare spending has grown exponentially in a very short period of time. Since 1980, the United States has had one of the highest growth rates in per capita healthcare spending among developed nations, growing from 8.8% of GDP in 1980 to 15.2% of GDP in 2003, according to the Kaiser Family Foundation.

That growth is finite, raising questions about how to deal with the gaps in health coverage and care for many in the United States, says Matt Emmens, who is about to transition to chairman of Shire.

"There will be a compression of resources that will stress every component of the healthcare system going forward," he says. "The healthcare system won't be fixed overnight, and I think things will get more chaotic because the system doesn't have the capacity to expand and be open to more people right now. There's not enough money to pay for more resources, so we're going to have to do something differently. I don't know of any country that has an ideal healthcare system, and I don't think anybody has the perfect idea yet to make ours markedly better. I fear that irra-

large contributions to Merck over time," Mr. Emmens says. "We marketed Prilosec, which became the largest-selling drug in the world. We went from a very small group of about 700 before the joint venture to about 4,000 and about \$5 billion in sales in the later years. Prilosec's sales peaked at about \$7 billion."

What made the Astra Merck venture both exciting and daunting was that it was the first partnership of its scale, Mr. Emmens says.

## A View From the Top

**IN AN EXCLUSIVE INTERVIEW WITH PHARMAVOICE, MATT EMMENS TALKS ABOUT HIS CONCERNS OVER THE PRESSURES FACING HEALTHCARE BOTH IN THE UNITED STATES AND THE WORLD AT LARGE AND DESCRIBES SOME OF THE BIGGEST CHANGES HE HAS WITNESSED IN HIS MORE THAN 30 YEARS IN THE INDUSTRY.**

tionality will show its ugly head and things will be made worse."

For underdeveloped nations, the problems are even more severe. The industry has rallied in helping with medicines for countries that can't afford them, and while Mr. Emmens believes more can be done, the issues are far more complex than just product shortages.

"I think we can improve on getting more free drugs to people who have no way to afford them; the problem I often see is that it's the government of a particular country itself that's the problem," he says.

Mr. Emmens says he has been speaking with a number of people for the past three years about how to tackle this situation. His hope is that he and his peers can make a difference.

"People such as Bill Gates are really making a difference, and I believe retired executives from all over healthcare should spend time committing to such initiatives," he says.

On a business level, change is equally ubiquitous. Competition is one of the biggest factors today's pharma companies face compared with 30 years ago.

"In the 1970s, the industry was parsed out in terms of which company had what market," Mr. Emmens says. "Medicines were decidedly different; there weren't me-too products; there

"It was an international project, and it was the first time I was exposed to multiple markets," he says. "We had Swedes and Americans together on the board, so there was an international effort in terms of R&D."

When Astra, which had been folded into the newly merged entity AstraZeneca, decided it wanted to buy back the venture, Mr. Emmens was left with a choice — stay on with the AstraZeneca team or explore new avenues.

weren't same-drug-same-class, rather it was same indications different class; the distinctions were very clear. For example, in hypertension there was reserpine, guanethidine, methyldopa, and later on beta blockers, but there weren't two of them, just one."

Pharma companies also didn't face competition from generic companies filing ANDAs two to five years into their products' life cycles. Nor were there competitive health plans posing multi-tiered reimbursement strategies.

"So when I say competition, this covers a lot of territory," Mr. Emmens says.

Also changing the life-sciences industry is scientific progress, with more focused pharmaceutical products that work better with fewer side effects coming to market.

"There's a lot being said about lack of efficacy and side effects of current pharmaceuticals today; 3% to 5% of patients who experience side effects is a big deal today," he says. "In the 1970s, 30% to 50% of patients experienced side effects with the drugs that were used, and these side effects were tolerated because there were no better treatments. Today we know dosages better, we know populations better, we know drug interactions better."



My interest in mechanics is a good metaphor for what I like to do in business, which is to find things that need to be fixed, figure out what's wrong, and get all of the parts working together and running well. //

"Having spent many years in big pharma, and more than four years as part of a joint venture, I learned that I really enjoy start-up companies; I like the energy, the risk, and being close to the edge," he says.

So when Merck KGaA's management asked Mr. Emmens if he'd like to start the company's U.S. prescription pharmaceutical business, he decided to take them up on the offer. He spent a couple of years establishing the organization in North Carolina before joining Merck KGaA's global prescription pharmaceuticals business in Darmstadt, Germany, as president.

It was then that a convergence of factors led Mr. Emmens to Shire.

"I had connected with an old friend, who was a friend of then Shire chairman, Dr. James Cavanaugh, who said Shire was going through some difficult times and was seeking a new CEO," he explains. "I knew the chairman from some interactions we'd had over the years and I figured, what the heck, and called him."

Two days later, without Mr. Cavanaugh's knowledge, the headhunter whom Shire had hired for its CEO search called Mr. Emmens. Over a period of discussions with members of the board, Mr. Emmens decided to accept the position as Shire's new CEO.

"I thought Shire was the type of company that needed the type of attention I could offer — rethink the business model and strategy and orchestrate a reorganization and consolidation," he says.

### Creative LEADERSHIP

The first thing Mr. Emmens did to get Shire back into shape was to meet with all of the managers, conduct a review of the pipeline, and analyze its sites and activities.

The company had a strong financial base from which to grow, having \$1 billion in cash. But it was battling share difficulties as well as competitive ones: a generic company had filed an ANDA to produce a competitor to Shire's biggest product Adderall XR.

While there were some promising agents in early research, there was nothing on the immediate horizon to replace Adderall XR.

The options Mr. Emmens and his team weighed were whether to adopt a search-and-develop model or whether to acquire a research company.

"We decided we should do search — not research — and develop, and since we had research components at the company we divested those and used the cash to buy new assets," he says.

Taking further aggressive steps to revive the flagging company, Mr. Emmens and his team decided to consolidate Shire's sites, going from 14 to four in North America.

"That was very helpful financially, but it was more important for two other reasons: it helped to get people talking to each other and it was important for hiring," he says.

For example, he explains that its main commercial facility in Newport, Kentucky, presented hiring challenges since it was difficult to recruit R&D people in that part of the country.

The decisions meant a lot of work needed to be done.

"We had to find space, we had to get agreements with state and local authorities for tax relief, and so on," he says.

In terms of focus, Shire has set its sights on projects that are lower risk than the industry average and products that provide relief for patients with symptomatic disorders.

"This strategy is important in the managed care arena; people who feel better on your

medicines become advertisers for you, they relay the benefits to their physicians, peers, and ultimately the payers," he says.

Another decision was to focus on specialists, since this allows for smaller salesforces and, because those specialists see fewer reps, means higher share of voice.

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“Those were the avenues we decided to pursue at the outset,” he says. “Since 2004, we’ve also made two major acquisitions — Massachusetts-based TKT and Virginia-based New River Pharmaceuticals. We’ve also signed a number of licensing deals.”

All this has resulted in huge growth for the company.

“We had 41% top line growth in our products for 2007,” Mr. Emmens says.

(For more on Shire’s outlook and pipeline, see box on this page.)

Having spent time in both large and small

pharma, Mr. Emmens has a deep understanding of the pluses and minuses of both.

“I think the first thing I missed from a big company is the thick firewall; there is a lot of company around you both in terms of financial power and personnel expertise,” he says. “In a small company, we depend on each other to take on broader roles or a larger number of roles. We depend more on our employees’ personal investment, judgment, and levels of energy. And there’s less margin for error in the short term; making one fundamental mistake can put a company at risk.”

The upside of the small environment, he says, is people believe they can make a difference; they’re involved in the decision-making process and they see what goes on from a broader perspective of business.

His insights help him to prepare staff for the hurdles ahead and to set the stage for success by laying out the challenges, establishing the end goals, and encouraging the team to take an active role in helping the company reach those goals. His approach to outside-the-box thinking lies more in the questions than the answers.

## Growing Gains

The past five years has seen some significant changes at Shire Pharmaceuticals. Since joining the company in 2003, Matt Emmens has been focusing the company on specialist areas, leading it from strength to strength.

To build Shire’s capabilities, he has led some strategic acquisitions and licensing deals. Among these were the acquisition of Transkaryotic Therapies (TKT), Cambridge, Mass., in July 2005 for about \$1.6 billion; and the acquisition of New River Pharmaceuticals, Radford, Va., in April 2007 for about \$2.6 billion.

Today, with those acquisitions, Shire is well-positioned in the areas of attention deficit and hyperactivity disorder (ADHD), human genetic therapies, gastrointestinal, and renal diseases.

With TKT, an orphan drug company focused on lysosomal storage disorders, Shire now has two drugs on the market: Replagal, for Fabry disease, a rare disorder where the cells don’t clear waste chemicals out of the cell, leading to untimely death; and Elaprase, for Hunters syndrome, also known as mucopolysaccharidosis II.

Hunters syndrome is a rare inborn error of metabolism characterized by inadequate production of an enzyme known as iduronate sulfatase, which is needed to break down complex sugars produced in

the body. In severe cases Hunters can lead to premature death. Today, TKT operates as Shire’s Human Genetic Therapies business.

The New River deal brought to Shire Vyvanse for ADHD. Shire already had a licensing deal for the compound that ultimately became Vyvanse, NRP 104, and when the Shire leadership team recognized that compound’s potential they decided to acquire the company.

“We already had a market lead in ADHD with Adderall XR and a patch called Daytrana, and we believe Vyvanse has significant potential,” Mr. Emmens says.

In particular, Mr. Emmens believes Vyvanse, introduced in the middle of 2007, will be particularly strong in the adult ADHD market, a growing therapeutic category. Vyvanse received regulatory approval in April 2008 for adults diagnosed with ADHD.

“Just a few years ago, adults made up a minority of this market, but that’s changing very quickly,” he says. “Right now more than 40% of ADHD prescriptions are for adults and we expect that in a few years about 60% of the market will be adult focused. The remaining will be children; this is a big market shift.”

What makes Vyvanse attractive for the adult market is that it’s longer acting; anecdotal evidence suggests that adult patients only need to take one capsule a day compared with Adderall XR and other ADHD drugs.

In May, Shire launched an ADHD screening initiative starting in Atlanta, which is scheduled

to continue for 90 days; Shire expects up to 20,000 adults to self-screen for ADHD in 13 cities across the country. Already, the company has been able to capture more than 7% of the \$4 billion ADHD market.

“There are some 7.5 million adults with ADHD who are untreated, while there’s probably less than 1 million pediatric patients who are untreated,” he says. “For the last five years the adult market has outpaced the growth in the pediatric market. This market has huge potential for us.”

The two products from Shire’s Human Genetic Therapies business also have been significant contributors: In 2007, Elaprase added about \$182 million to the company’s top line, while Replagal contributed about \$144 million.

“We also recently introduced a new medicine in the GI space called Lialda, that is a once-a-day therapy for ulcerative colitis, and this is the first therapy of its kind; Lialda has captured 10% of the market share in less than a year,” he says.

Shire’s youthful product line has helped the company to stand out among its peers.

“For the full year 2007, 23% of our top-line revenue came from products we didn’t have two years ago; and for 2008 we have projected 45% of top-line revenue will be from products that were not available three years ago,” Mr. Emmens says. “We have a very young, healthy product line.”

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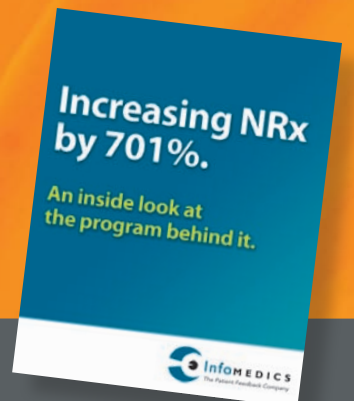
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"I try to get people to understand that in management the best thing to do is to ask provocative questions and to resist the temptation to always have an insightful answer," he says.

A dedicated mentor, Mr. Emmens has taken many up and comers under his wing. In particular, he has helped many women move up the corporate ladder, offering guidance at a time when there were very few women in the

industry. His involvement led him to be recognized as Mentor of the Year by the Healthcare Businesswomen's Association (HBA) in 2006.

"When I started at Merck in 1974, among the 600-person salesforce there was one woman," he says. "This was the era of the detail man; we all looked pretty much the same: white shirt and blue suit. Then the women showed up. I like change, and thought this was an opportunity because I

believe in many ways women are more sensitive and insightful to the needs of the physician. This caused me to focus on interactive selling and listening skills at a time when the business was basically tell, tell, tell."

Taking the opportunity to impart his experiences to others in the industry, Mr. Emmens willingly gives his time to speak at industry and community events.

"It's not about being an expert or about my ego; it's about seeing the look in people's eyes when you help them solve a problem or answer a question," he says. "It's easy to forget that when I was 25 I didn't know much and I learned a lot by making mistakes. If I can help one person avoid making one mistake or challenge them to think in a different way, I sleep pretty well after that."

Mr. Emmens' talents extend beyond leadership and mentorship. Drawing on his creative skills, Mr. Emmens, with cowriter Beth Kephart, has penned a highly original business book based on his many personal and professional experiences. Called *Zenobia*, the book tells the story of a new employee at a once respected company — *Zenobia* — that is now in the doldrums. The employee, Moira, has to maneuver within an *Alice in Wonderland*-style landscape, struggle through entrenched thinking, and find the elusive Room 133A in an effort to help the embattled organization.

The book is another example of Mr. Emmens' skill at creating a vision and leading colleagues and employees through the maze of topsy-turvy business changes to an ultimately successful and thriving model. ♦

PharmaVOICE welcomes comments about this article. E-mail us at [feedback@pharmavoice.com](mailto:feedback@pharmavoice.com).

## A Brain for Business

### MATTHEW W. EMMENS — RESUME

**JUNE 2008.** Chairman of the Board, Shire Plc., Wayne, Pa.

**MARCH 2003 – JUNE 2008.** CEO, Shire Plc., Wayne, Pa.

**2001 – 2003.** President, Global Pharmaceuticals, Member of the Board, Merck KGaA, Darmstadt, Germany

**1999 – 2001.** President, EMD Pharmaceuticals Inc., a business of Merck KGaA, Durham, N.C.

**1997 – 1999.** President and CEO, Astra Merck Inc., Wayne, Pa.

**1992 – 1997.** VP, Sales and Marketing, Astra Merck (founder), Wayne, Pa.

**1989 – 1991.** Executive Director, Field Sales Hospital Group, Merck & Co., West Point, Pa.

**1987 – 1989.** Executive Director, Field Administration, Merck, West Point, Pa.

**1986 – 1987.** Senior Region Director, Merck, Minneapolis

**1982 – 1984.** Product Manager, Ophthalmics, Merck, West Point, Pa.

**1980 – 1982.** District Sales Manager (special test district), Merck, Raleigh, N.C.

**1979 – 1980.** District Sales Manager, Merck, Jacksonville, Fla.

**1978 – 1979.** Hospital Specialist, Merck, Tampa, Fla.

**1974 – 1978.** Professional Sales Rep, Merck, Roanoke, Va.

### EDUCATION

**1974.** B.S. in Business Management, Fairleigh Dickenson University, N.J.