

Realization of hhc mission through our business activities based on Knowledge Creation Theory

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Slide title

- *Realization of hhc mission through our business activities based on Knowledge Creation Theory*

h/hc

human health care

ヒューマン・ヘルス・ケア

Eisai Knowledge Creation

***Realization of hhc mission
through our business activities
based on Knowledge Creation Theory***

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Executive Director of

Knowledge Creation Department

Florence Nightingale



高山 千弘

Chihiro Takayama, PhD, MBA

Group Officer for Eisai Co.,Ltd

Executive Director of Knowledge Creation Department



【Joined Eisai in 1982】

高山: high mountain
千弘: thousands of field

- 1982 Graduated from University of Tokyo
assigned to Clinical Development
- 1994 MBA from University of Manchester, UK
- 1994 assigned to Eisai Inc. USA
- 1996 US Aricept Team for approval
- 1998 US Aciphex Team for approval
assigned to the president project on special
mission for Aricept in Japan
- 1999 Japan Aricept Team for approval
- 1999 Social Marketing for Alzheimer on Aricept
- 2006 Knowledge Creation Dpt.
- 2016 Additional assignment on Living Lab Project





Sharing Emotion with Patients and their Families

“...What we should be doing as a human health care company is making a meaningful contribution to any health care system. To do that, it is the most important that we know and share the feelings of patients, their joys, anger, sadness, and happiness.”

-Eisai Commitment to Innovation, 1989

Eisai's Corporate Philosophy



- ❑ **human health care** is the foundation of the Eisai philosophy and is influenced by the work of Florence Nightingale
 - We give first thought to patients and their families, and to increasing the benefits health care provides
 - The “**hhe**” symbol has been taken directly from the letters and style of Florence Nightingale's signature
- ❑ Our goal is to:
 - Provide meaningful contributions under any healthcare system and environment
 - Observe the highest legal and ethical standards
 - Offer integrated healthcare solutions



Courtesy of the University of Texas Libraries
The University of Texas at Austin

Florence Nightingale
1820-1910

hhe
human health care

What would Florence Nightingale have done?



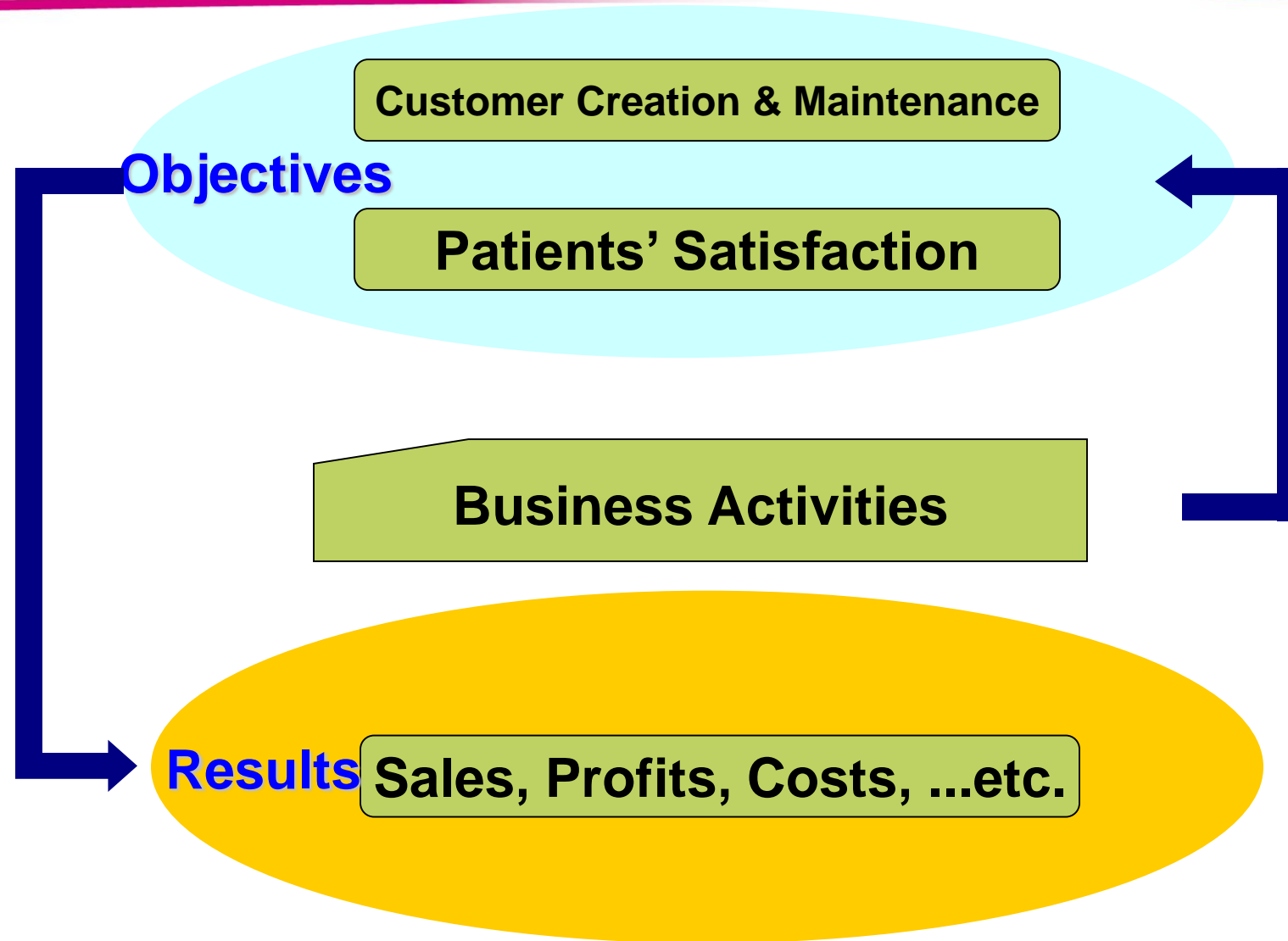
- What do people suffering from injury or disease want us to do for them?*
- Viewing healthcare not only from the standpoint of caregiver but also from that of receiver*
- Sincere understanding of patients who want to cure their disease and improve their health*

hke
human health care

Provision of corporate concept added to Articles of Incorporation

(Codified at the June 2005 Shareholders Meeting)

1. The Company's corporate concept is to give first thought to the emotions (joy, anger, sorrow and pleasure) of patients and their families, and to increase the benefits that health care provides. Under this concept, the Company endeavors to become a *human health care (hhe)* company.
2. The Company's mission is the enhancement of patient satisfaction. The Company believes that revenues and earnings will be generated as a consequence of the fulfillment of the mission. The Company places importance on this positive sequence of the mission and the ensuing results.



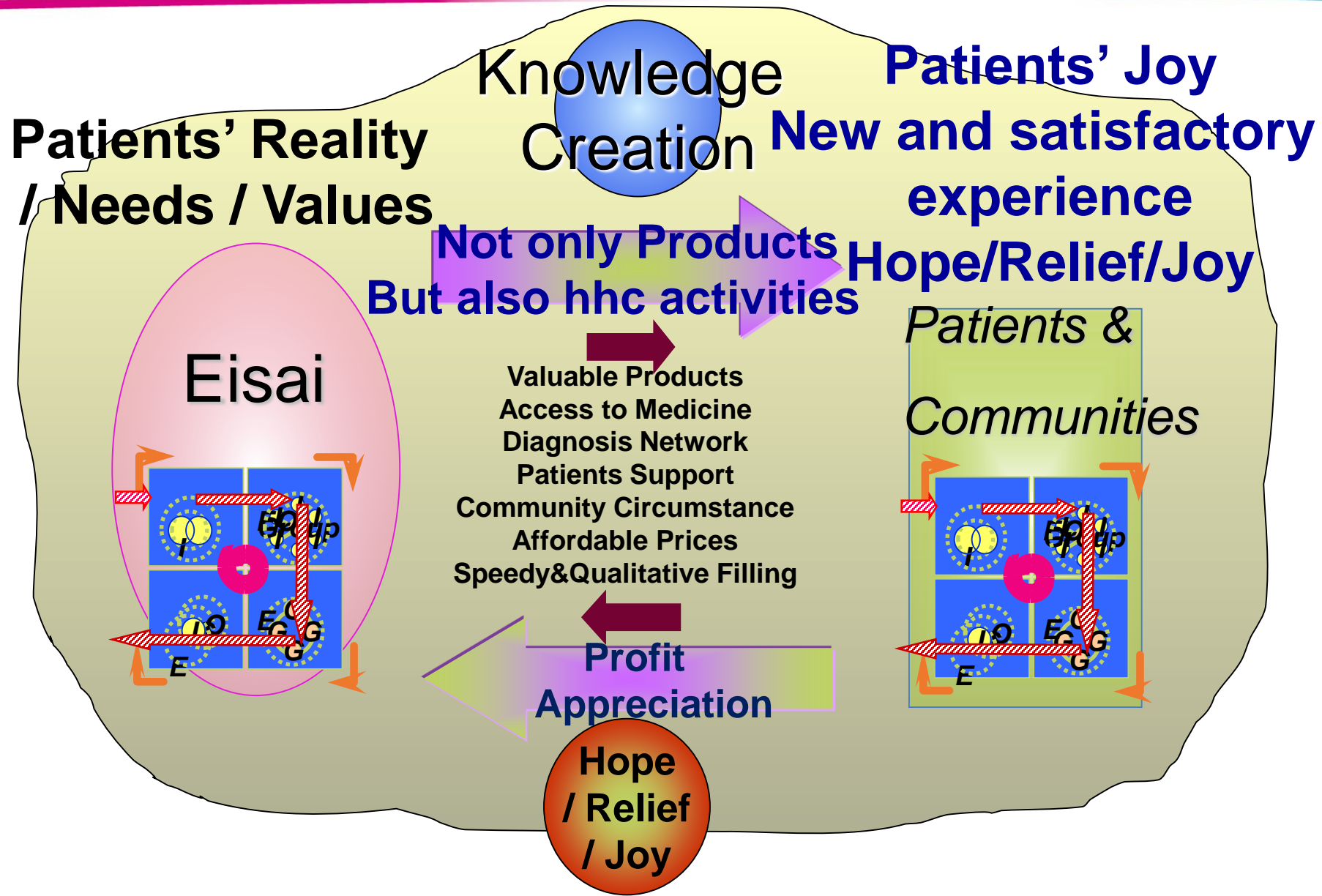
Mitsuaki Shimaguchi

Companies need to have business models for contributing to society and solving societal challenges : Evolving from CSR to CSV, and on to *hhc*

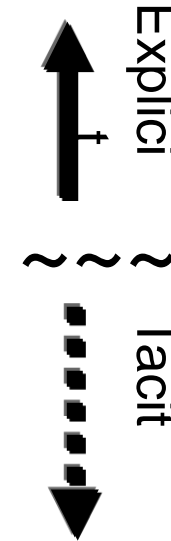
| CSR: —Corporate Social Responsibility— | CSV: ——Creating Shared Value—— | <i>hhc</i> : _____Human Health Care_____ |
|---|--|---|
| ✓ Value: Doing good | ✓ Value: Economic and societal benefits relative to cost | ✓ Value: The common good |
| ✓ Citizenship, philanthropy, sustainability | ✓ Joint company and community value creation | ✓ Companies together create value in tune with community needs |
| ✓ Discretionary or in response to external pressure | ✓ Integral to competing | ✓ No fixation on competition |
| ✓ Separate from profit maximization | ✓ Integral to profit maximization | ✓ Profits are gained as the result of the common good strived for |
| ✓ Agenda is determined by external reporting and personal preferences | ✓ Agenda is company specific and internally generated | ✓ Agenda is shared by each company |
| ✓ Impact is limited by corporate footprint and CSR budget | ✓ Realigns the entire corporate budget | ✓ Included in the company's regular operating budget |
| ✓ Example: Fair trade purchasing | ✓ Example: Transforming procurement to increase quality and yields | ✓ Example: Inputting customer needs in the value chain |

Companies should transform their organizations towards business goals of greater significance than profit creation, shifting from the simultaneous pursuit of economic and social value to the single-minded pursuit of social value creation, which ultimately creates economic value as well

Realization of *hhc* through Knowledge Creation



Tacit knowledge and Explicit Knowledge: Metaphor of an Iceberg

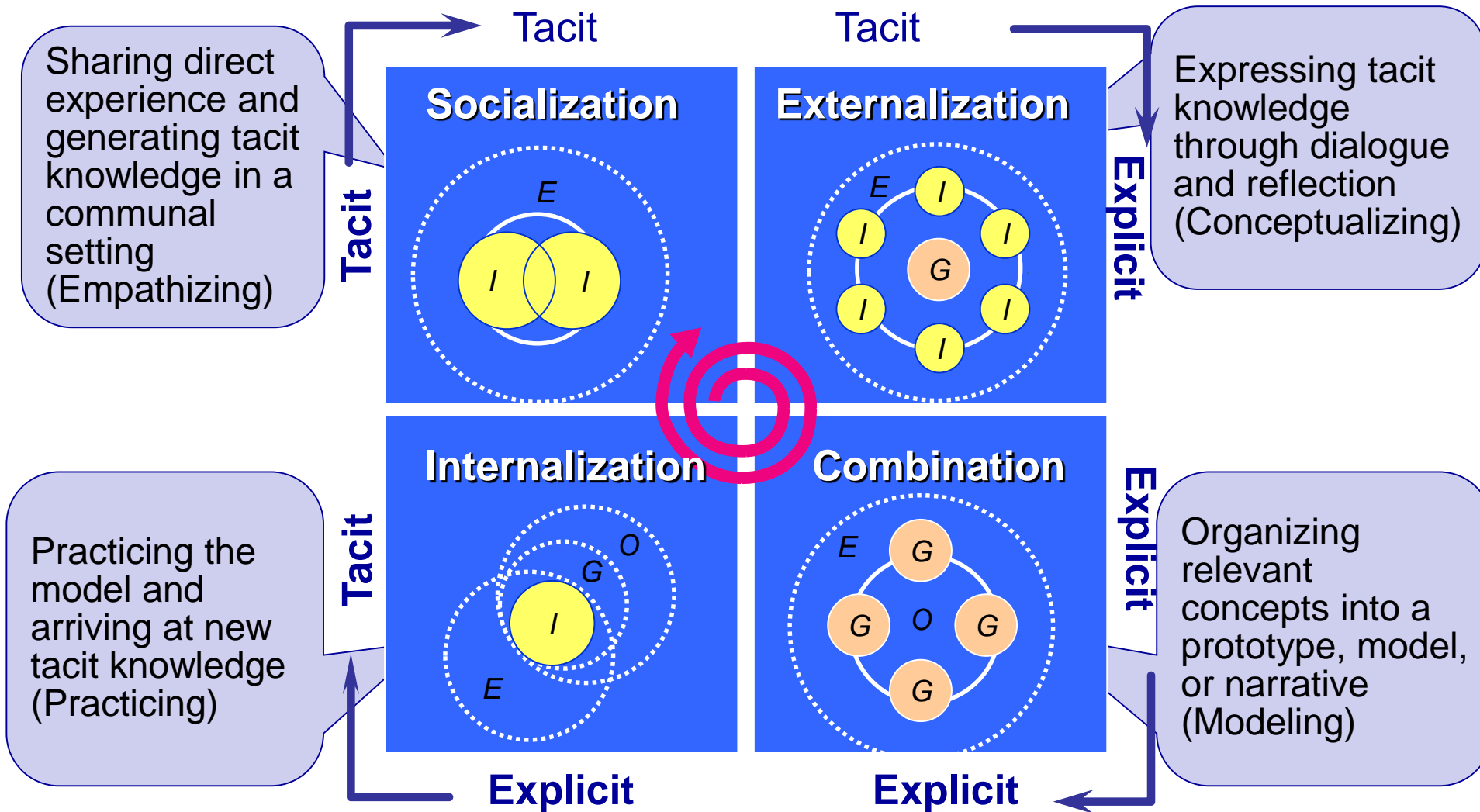


“The dignity of movement of an ice-berg is due to only one-eighth of it being above water.”
- Hemingway

Hemingway's writings consists of plain English and minimum adjectives (hard-boiled style). It is an art of expressing the maximum with minimum words. It is said that Hemingway worked on the “Old man and the Sea” more than 200 times.

SECI Model

Organizational Knowledge Creation Theory



I = Individual G = Group O = Organization E = Environment

Innovation as SECI Spiral

Empathize with reality through actual experience (Socialization), condense the essence of awareness into concepts (Externalization), relate the concepts and systemize (Combination), create value in the form of technology, products, software, services and experiences, and embody the knowledge (Internalization) and, at the same time, stimulate the emergence of new knowledge in the organization, market and environment, and spiral up to the Socialization step.

Through continuous and fast spinning of the SECI spiral, a firm can build its knowledge-synthesizing capability of knowledge to pursue both creativity and efficiency.

Living well —Aristotle—

People must be both strong and weak.

People must be strong to protect themselves.

But that is to continue their existence as animals.

When weak, people understand the feelings of others,
enter into true communion, and return to the roots
of their existence.

This is the happiness of humans.

human health care

ヒューマン・ヘルス・ケア

Intrinsic self and Extrinsic self

Intrinsic self

Inner self
Self-orientation

Sincerity
Generosity
Kindness
Seriousness
Internal reason

Tacit Knowledge

Extrinsic self

Outer self
Target-orientation

Ego/Agony
Power
Assessment
Position
Money

Explicit Knowledge

Sharing emotion with patients with Alzheimer's disease in Socialization



1989– EI manager Training to learn *hhc* idea

Knowledge leader training in 2004 – 2006

Knowledge captain training in 2007 – 2008

Knowledge Leader Program



3,000
personnel in
Japan
completed
the training



Group Home



GH: Shiga Branch



EI: In ward practical work for nursing care

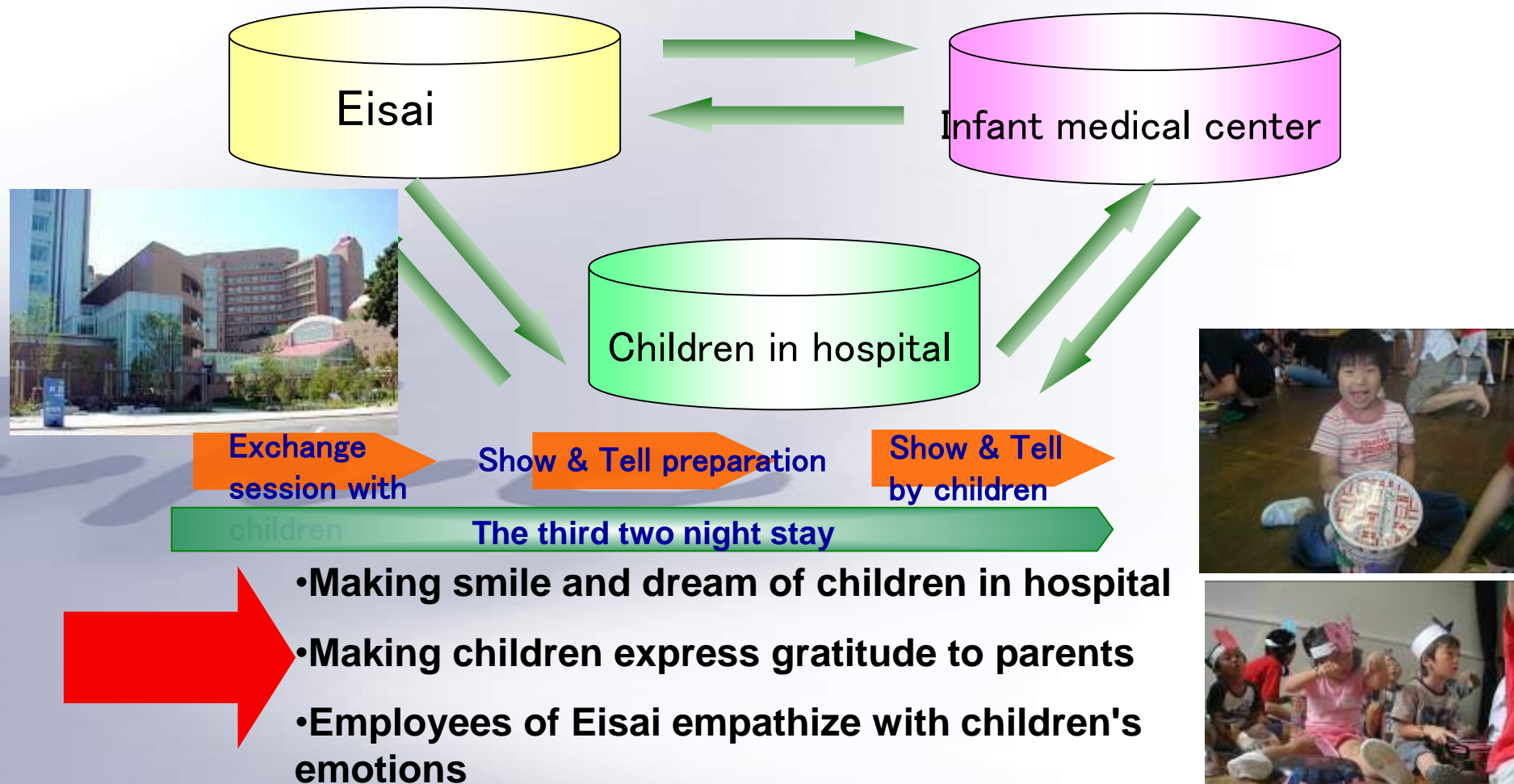


Care: Tsukuba Research Lab.



Socialization with children suffering from pediatric cancer

Children with pediatric cancer enduring a tough treatment can be supported to create hope and make dream for future where they live by Eisai employees



Sharing time with young patients suffering from pediatric cancer

Invited young cancer patients to Eisai production facility tour



■オリエンテーション



■手作り名札



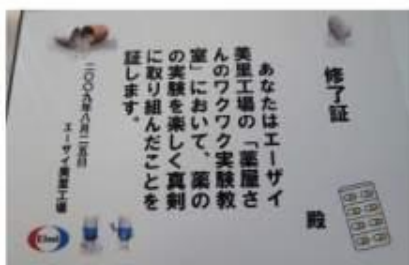
■製造工程見学



■薬屋さんのワクワク実験教室

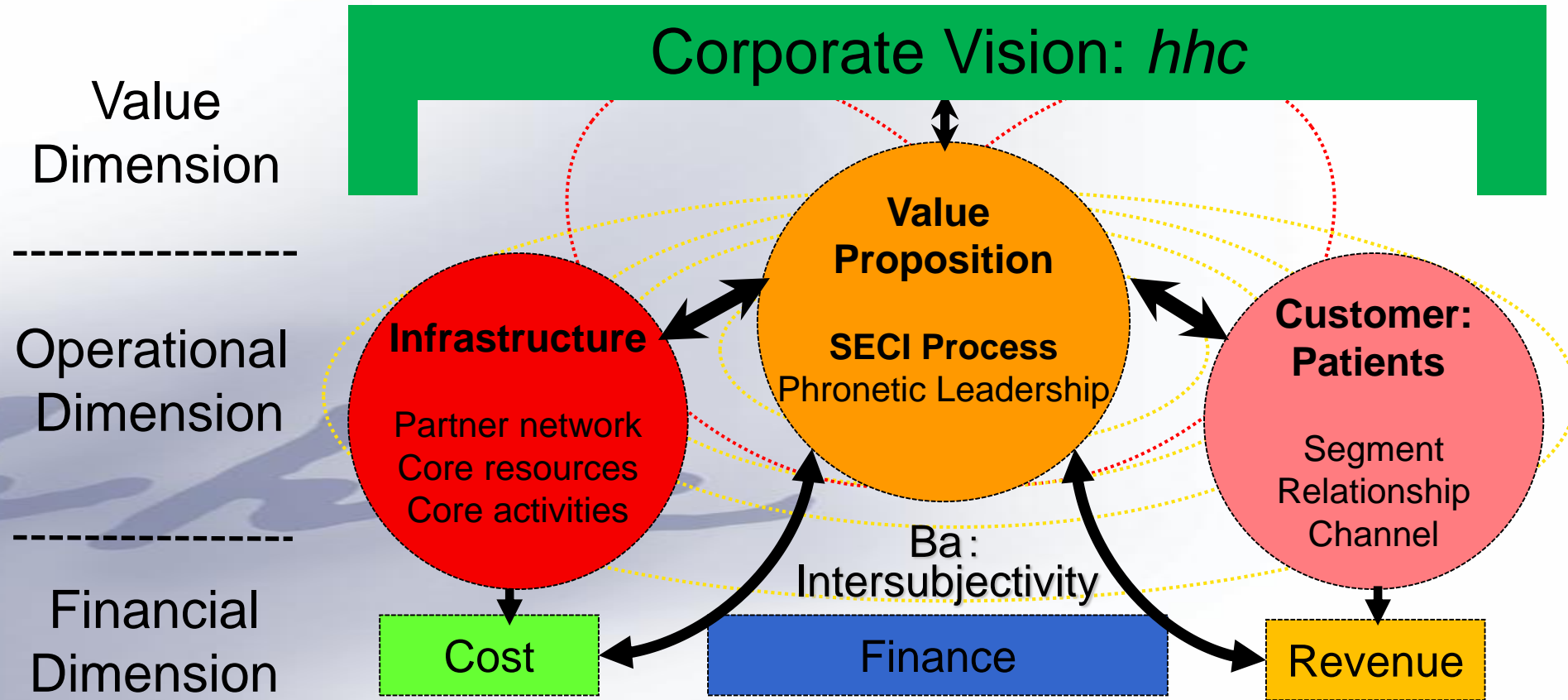


■文字パネルで歓迎

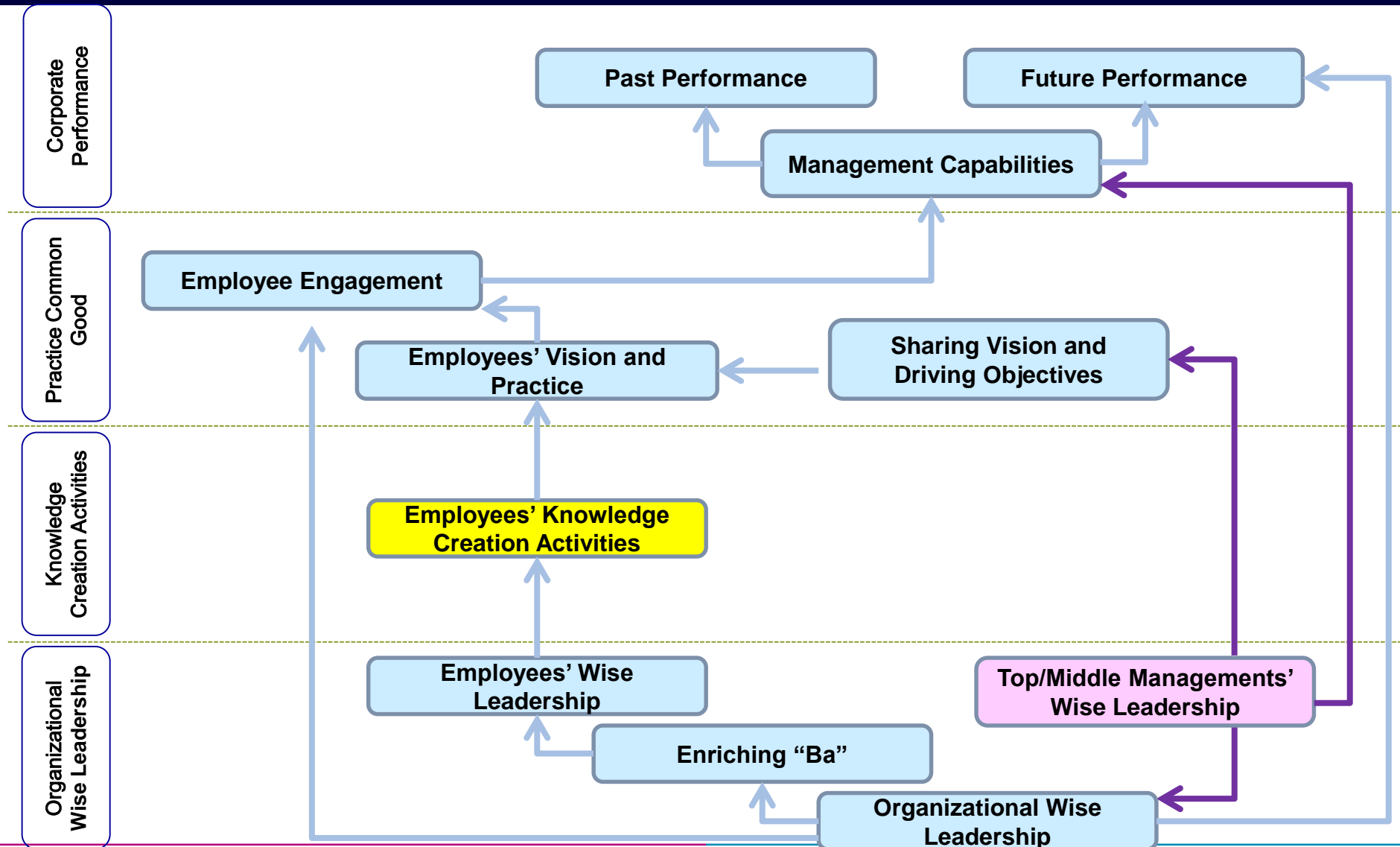


Knowledge-based Business Model Eisai Pharma Model

- Social Value and Sustainability

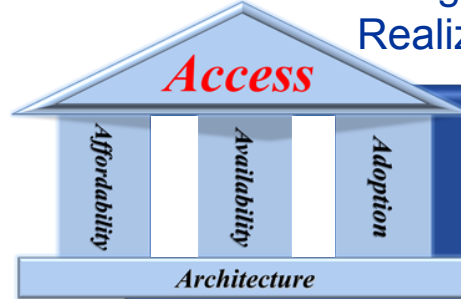


Relationships Between Organizational Wise Leaders and Performance



London Declaration To Eliminate Neglected Tropical Diseases (NTDs)

The largest international public-private partnership to eliminate NTDs
Realizing “zero-price” model as a form of long-term investment



January 30, 2012 Established the largest international public-private partnership with the Bill & Melinda Gates Foundation, the WHO, the U.S. and U.K. governments, the World Bank and governments from neglected tropical disease-endemic countries

A coordinated effort to eliminate 10 NTDs by 2020
Eisai is the only Japanese company to join in this effort



Signed a statement of intent with the World Health Organization (WHO) in November 2010.

Supply medicine free of charge to the WHO's lymphatic filariasis elimination program.

Eisai has signed an agreement with the WHO to extend its support to the WHO's lymphatic filariasis elimination program until 2020 to supply free of charge 2.2 billion tablets of the medicine DEC (diethylcarbamazine) in line with the WHO elimination goals.

Contributions to the economic development and expansion of the middle-income class through enhancement of health and welfare
A form of long-term investment for future market growth

Global Prevalence of WHO-defined 17 NTDs

10 NTDs to be eliminated by 2020

| Disease | Global prevalence | Population at risk |
|--|---|--|
| Blinding Trachoma | 84 million | approx. 600 million |
| Leprosy | 0.4 million | - |
| Human African trypanosomiasis | 0.3 million | 60 million |
| Dracunculiasis (guinea-worm disease) | 10,000 | - |
| Lymphatic Filariasis | 120 million | approx. 1.3 billion |
| Chagas disease | 8-9 million | 25 million |
| Visceral Leishmaniasis | 12 million | 350 million |
| Onchocerciasis (River Blindness) | 37 million | 90 million |
| Schistosomiasis | 207 million | approx. 800 million |
| Soil-transmitted Helminthes consisting of ascariasis, trichuriasis and hookworm infection | approx. 800 million (for ascariasis) | approx. 4.2 billion (only for ascariasis) |

Other 7 NTDs

| Disease |
|-------------------------|
| Buruli ulcer |
| Cysticercosis |
| Dengue fever |
| Echinococcosis |
| Foodborne trematodiasis |
| Rabies |

Three Most Prominent Infectious Diseases

| Disease |
|---------------------|
| HIV/AIDS |
| Tuberculosis |
| Malaria |

Sever symptoms of Lymphatic Filariasis



Micronesia, 1999



Drawing from the late 12 century, showing a woman with elephantiasis



<- elephantiasis

Lymphatic filariasis is a parasitic disease that is transmitted to humans by the bite of a mosquito. Once transmitted, it causes lymphatic dysfunction. The most serious manifestation, known as elephantiasis, is a permanent physical disability in which a patient's lower extremities swell to resemble those of an elephant. In addition to impacting a patient's ability to perform everyday tasks, it historically has led to many patients falling victim to social persecution due to biases against the disease.

Providing medicine to help WHO combat lymphatic filariasis epidemic

The first public-private partnership established between WHO and a Japanese pharmaceutical company to overcome the impact of a neglected tropical disease in developing countries

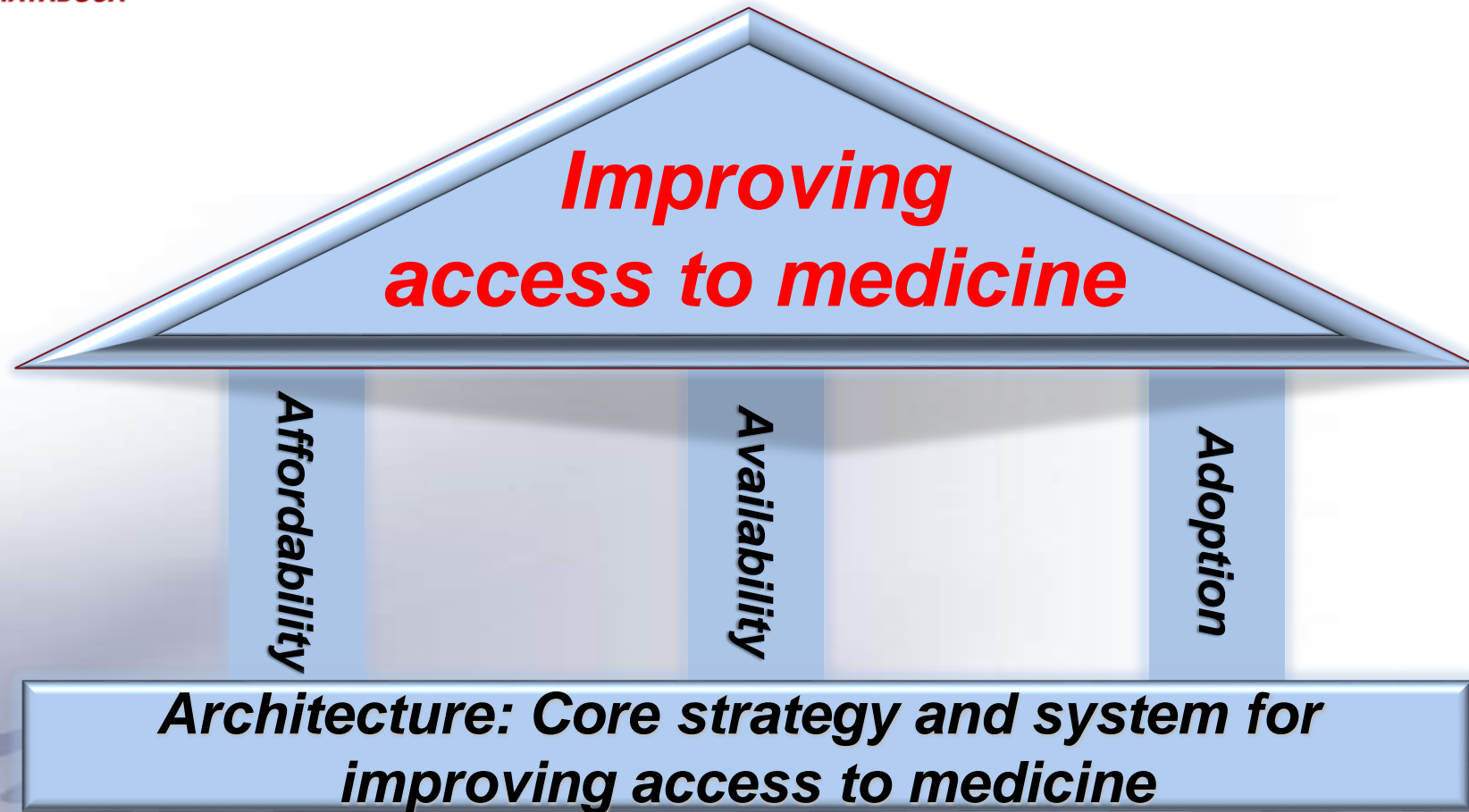
Signed a statement of intent with the WHO on Nov. 18, 2010

Eisai is to produce and supply free of charge up to 2.2 billion tablets of diethylcarbamazine (DEC), a medicine used to treat lymphatic filariasis, for 250 million at-risk people in 37 countries



Haruo Naito and WHO Director-General Dr. Margaret Chan signing the statement of intent
Production is planned to take place at Eisai's Vizag Plant in India

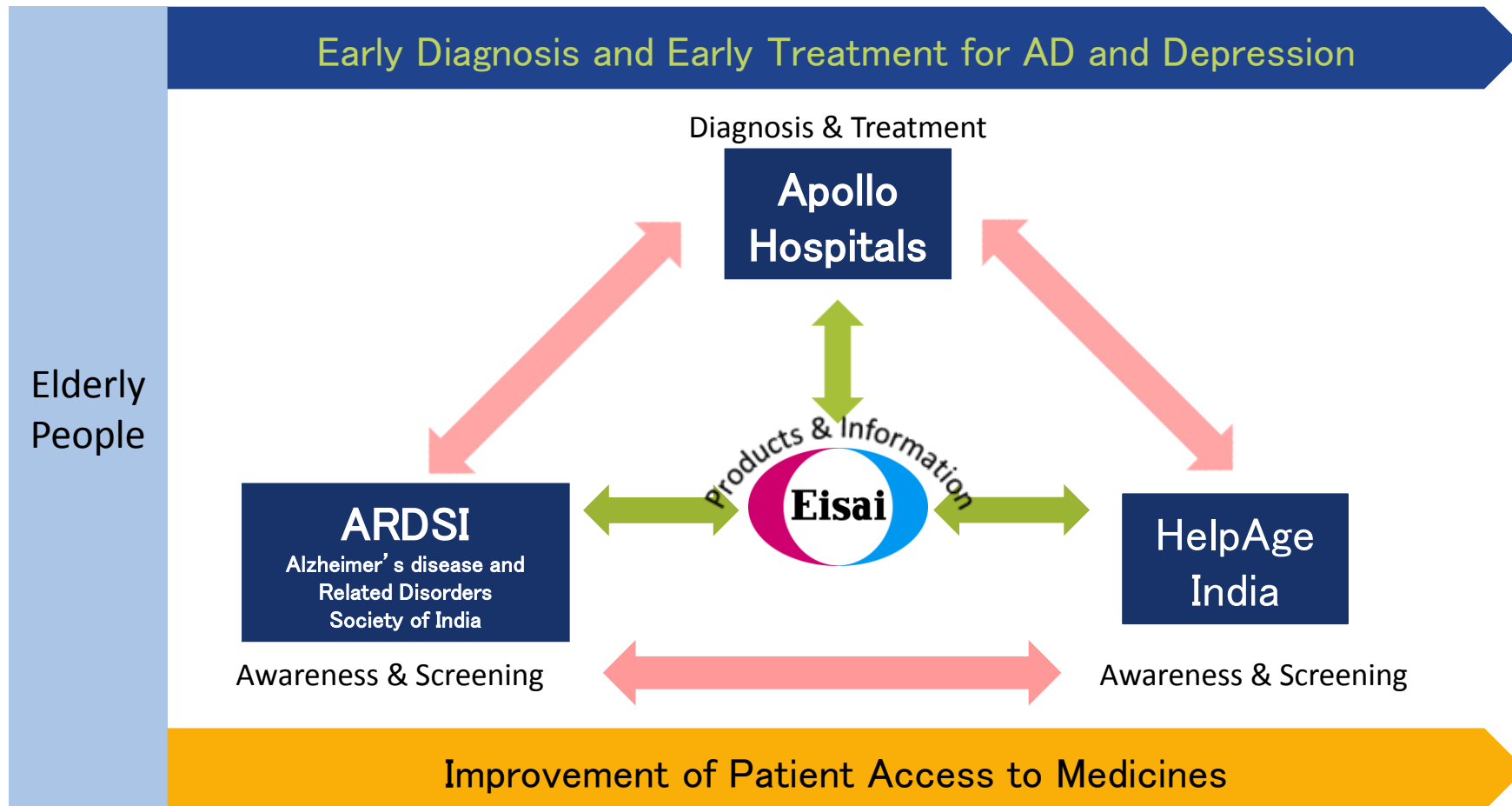
Efforts to **Improve** Access To Medicine (ATM)



Neglected Tropical Diseases: NTD (filariasis),
Non-Communicable Diseases: NCD
Expansion to neurology, oncology, and hepatogastroenterology

Public-Private Partnership (PPP)

Collaboration with NPOs & Hospital Chain in India



Tiered Pricing Policy: Halaven

Transform from “High-Margin & Low-Volume Model” to “Low-Margin & High-Volume Model”

Maximization of Access to Medicine

Increase patient access by introducing tiered pricing policy in consideration of the different backgrounds of the patients

Increased patients access to Halaven by **8 times** in India under tiered pricing (pricing based on income level)

PAP*1 Scheme in India

Course of Treatment

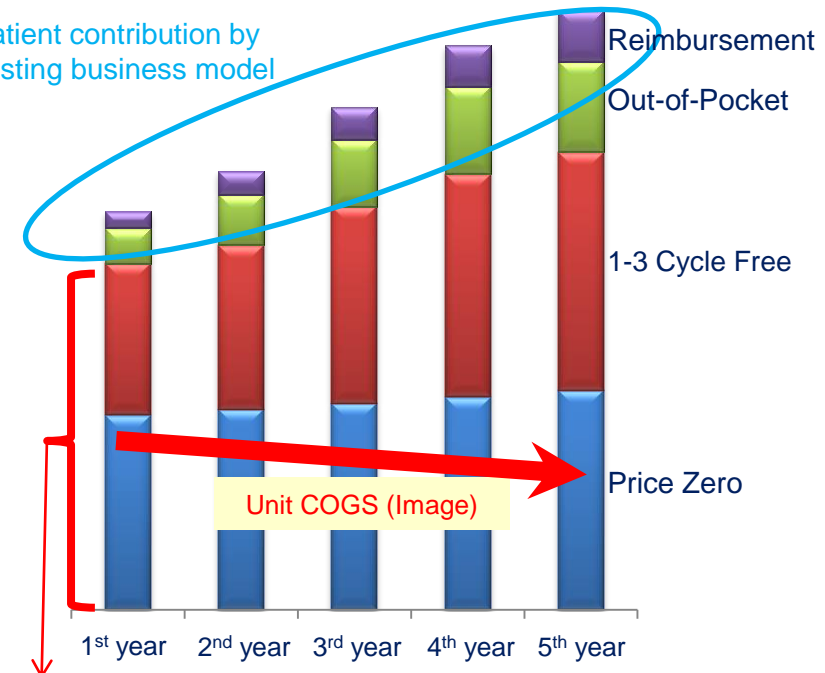
| Scheme | 1 Cycle | 2 Cycles | 3 Cycles | 4 Cycles |
|------------------|---------------|---------------|---------------|---------------|
| Reimbursement *2 | Free | Free | Free | Free |
| out-of-pocket *3 | out-of-pocket | out-of-pocket | out-of-pocket | out-of-pocket |
| 1 Cycle Free | out-of-pocket | out-of-pocket | out-of-pocket | Free |
| 2 Cycles Free | out-of-pocket | out-of-pocket | Free | Free |
| 3 Cycles Free | out-of-pocket | Free | Free | Free |
| 4 Cycles Free | Free | Free | Free | Free |

Area covered by traditional business model

Coverage dramatically expanded by tiered pricing

Image of Number of Patients (India)

Patient contribution by existing business model



Number of patients which Eisai newly contributed through PAP*1 and Tiered Pricing

*1 PAP: Patient Assistance Program

*2 Public insurance for national and local governmental officers which 5% of total population are insured

*3 Wealthy patients who are not insured by a public health insurance

Eisai's Commitment to Women's Oncology

- ☐ **Eisai considers it extremely meaningful to support women living with cancer and improve their quality of life.**
- ☐ **Eisai also strives to conduct activities that address the specific needs of female cancer patients and seek out collaborations with medical institutions to provide training programs for oncology care management specialists.**
- ☐ **By helping to build community care networks that provide a seamless range of services from point of diagnosis through treatment, including home care, palliative care and end-of-life care, the company aims to further its commitment to improving the quality of life of cancer patients and their families and creating communities that are supportive of people living with the disease.**

Magnolia Meals at Home delivers food to breast cancer patients



Sep 19, 2013
Boston Globe

'Providing meals is the greatest help. I'm still working; the kids are in school. I'm tired.'

Internal use only

- More than **200** Eisai employees supported the program by volunteering to deliver meals
- More than **450** participants in Massachusetts, New Hampshire, New York and New Jersey were enrolled

European *hhc* activities in 2010/2011

The Alzheimer's Train (France)

In France, Alzheimer's disease currently crystallises every fear tied to aging. Despite the various governmental Alzheimer's programmes and different media campaigns, up till now, no single campaign targeted the carer!

In order to confront this particular aspect of the problem where 1.5 million caregivers were concerned, Eisai France took an important step in 2010 in its *hhc* commitment.

In this effort, Eisai has joined forces with an innovative initiative.

The first exhibition dedicated to Alzheimer's disease from a carer's point of view.

What made this project even more innovative was the fact that it was on a train.

Also, what made it so enjoyable and valuable from a personal level is that we learned to share the burden of the carers, and can therefore help them release some of the level of anxiety.



Drawing pictures to make dreams come true (France)



- Project that encourages epileptic children to draw pictures about their disease
- Provides children living a restricted life with an opportunity to freely express themselves, and gives doctors insight into the children's physical and emotional state—insight that can lead to improvements in care

Main Concept of Plan ‘E-WAY 2025’



Converting *hke* Knowledge into Business
We Make Medicines, We Make Solutions through Eisai’s WAY

hke **Socialization**



Spending time together and sharing experiences with patients

hke **True Needs**



Understanding real needs of the patients

Motivation for Innovation^{*1}



Fulfilling *hke* needs with our innovation

Finding Out “Ricchi”^{*2}



In order to fulfill such needs, we will find “Ricchi”, a place where no one has achieved success, an untapped space or an opportunity where Eisai can be a frontrunner.

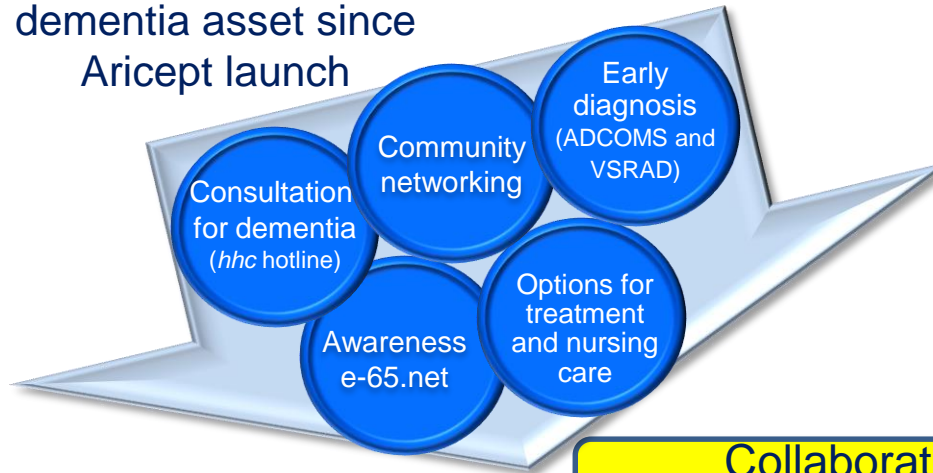
Establishment of Center Line at “Ricchi”

Major presence in “Ricchi” with our innovation (Center Line)

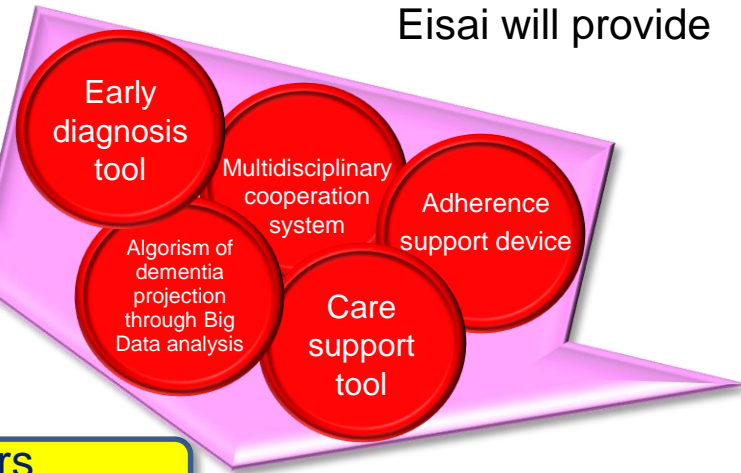
Strategy for “Eisai Dementia Provisions”



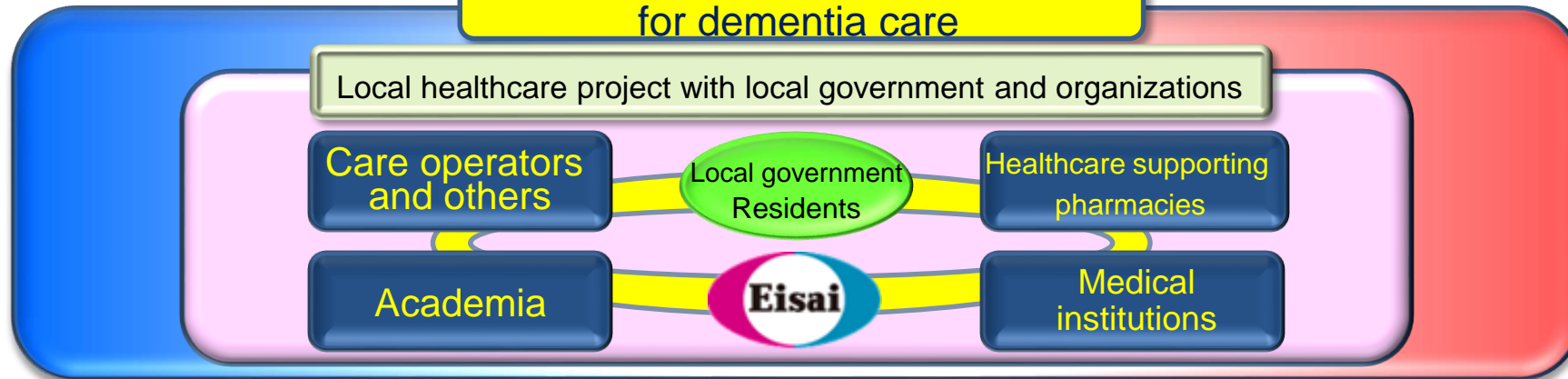
Accumulated
dementia asset since
Aricept launch



Dementia solutions
Eisai will provide



Collaboration partners
for dementia care



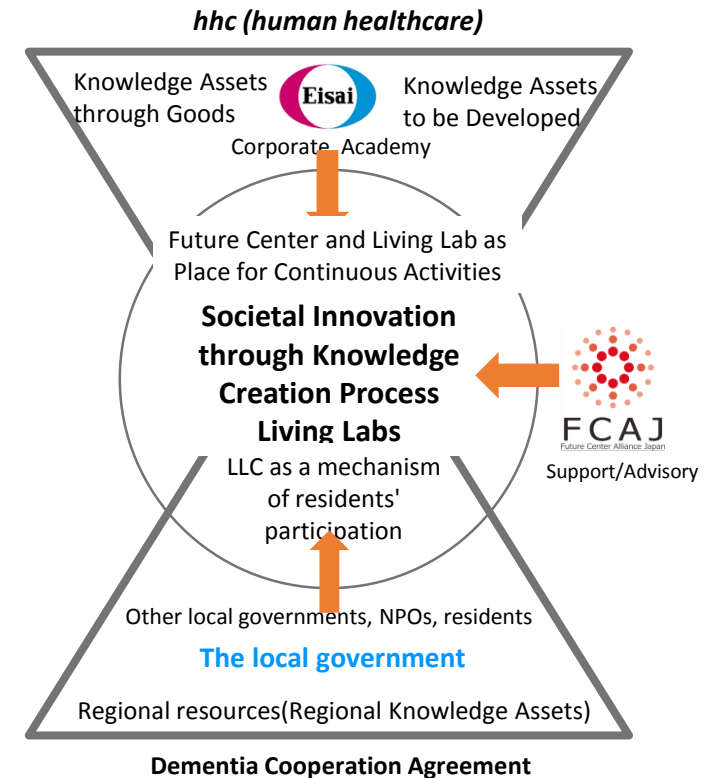
Promote local healthcare project in collaboration with partners of dementia.
In cooperation with medical institutions, healthcare supporting pharmacies, home nursing care facilities, we will contribute to local government and local residents by providing Solutions.

Living Lab (for industrial transformation)

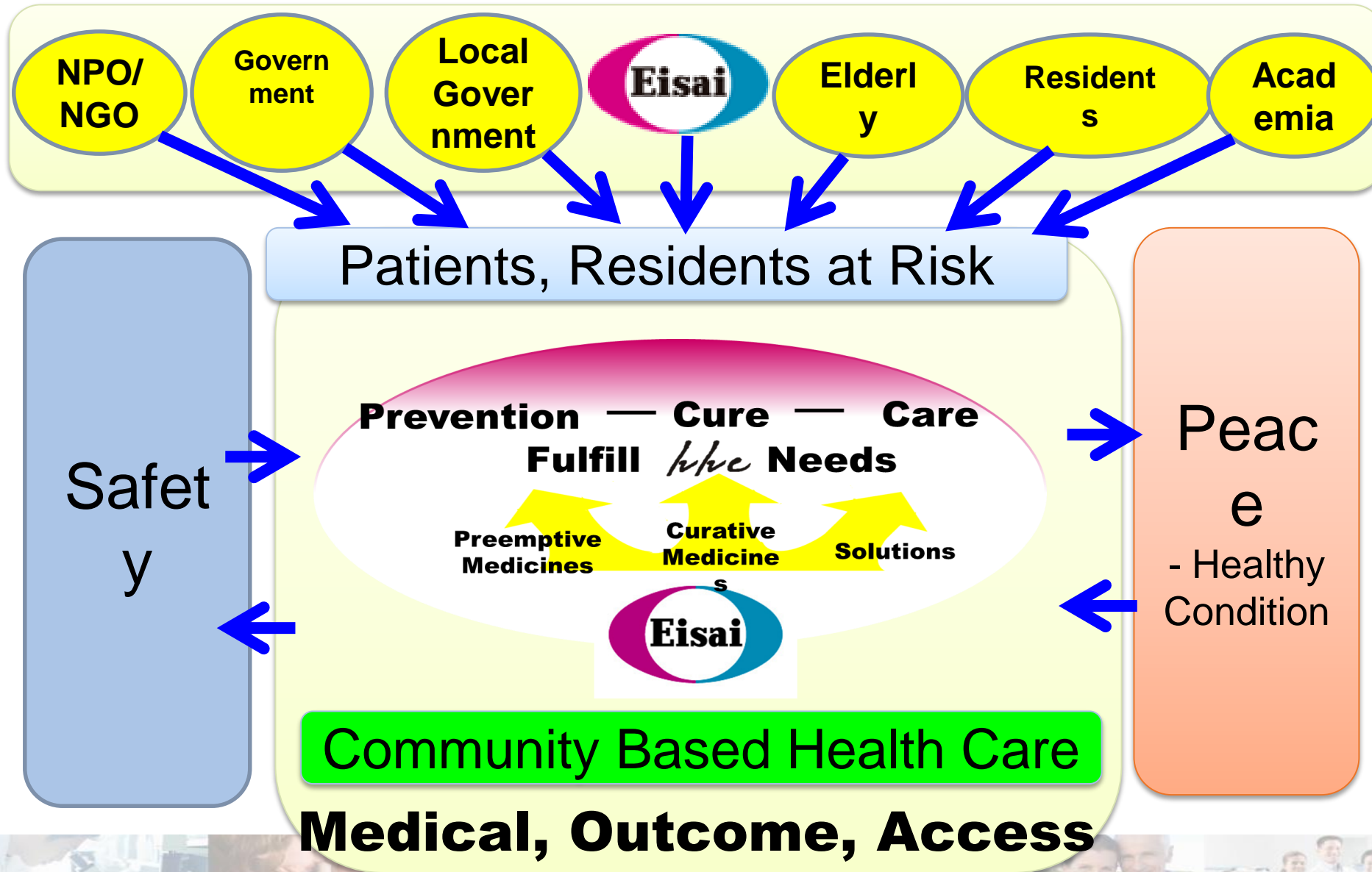
Eisai: Resident-led Community Innovation

- The Japanese leading pharma known by “Aricept” for dementia pursues its social role (“human health care”) and transforms a business model beyond the traditional pharmaceutical industry.
- In the process of discovering/developing/accumulating knowledge assets through dementia products (goods), now the company tries to create a community where dementia hardly occurs or where people can live even in (events). Their driving objective is to build “an independent, autonomous regional comprehensive health care” through community making.
- They focus on LL (Living Lab) as its catalytic means, and furthermore propose its own scheme combining LLC (Limited Liability Company) with residents as a means to reinforce their social and economic ground.
- The foundation of this kinetics is the knowledge creation (SECI) – Socialization(S): Community-based dialogue to share tacit needs, Externalization (E): Conceptualize at living lab, Combination (C): Match with resources of the corporates, Internalization (I): Examine the hypothesis and monitors
- By spiraling up such knowledge creation activities, they create the "new life (community)" "new industry (market)" "new regional capital (society)" based on regional resources

Source: Eisai



Community Based Healthcare



Why Should Eisai Exist?



- Society expects us to be an innovator.
 - Eisai is recognized as having a potential that other pharmaceutical companies do not, so every Eisai employee has to respond to that expectation.
 - Before anything else, we have to identify how we can improve our products, to benefit patients, their families, and the population in general.
 - And we have to test them, demonstrate their value, and make them available to the world.
 - To meet this challenge, every aspect of our organization, from our employees and corporate culture to our style of doing business, must be in continual renewal.
 - This is the meaning of Eisai Innovation.
- Eisai Commitment to Innovation, 1989

どうもありがとうございました

Thank You

Merci



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