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Pharma UK – the transdermal technology

Pharma UK was the UK subsidiary of Pharma, a major international pharmaceuticals company with expertise in oncology, hormone replacement drugs and fertility. Pharma UK was responsible for selling drugs in the local marketplace. However, it also had 50 people in R&D, doing local development work in product registration and testing. Autonomy was limited, with approval needed for all expenditure above £10,000.

In 2001, the parent company saw the opportunity for developing a *transdermal* (i.e. through the skin) formulation of Zanta, its main drug for hormone replacement. Working with 3M Corporation, who had proven expertise in transdermal technology, the central R&D labs tried to find a way of transmitting the hormone progestogen through the skin. After several months of effort, they had made very little progress, so they decided to reduce their emphasis on transdermal formulations for HRT and to focus instead on other priority areas.

In 2003 Pharma UK's Sales and Marketing Manager Tom Allison began to look into the transdermal technology issue. He identified a small UK company, Morton Ltd (annual sales of £25 million), who appeared to have the most promising technology. He made a presentation to management in Zurich, suggesting that they work with Morton to develop a transdermal formulation, but was told no.

Allison decided to continue to work with Morton anyway. Rather than copying the same method that the Swiss R&D group and 3M were working on, his team used a slightly different method. Their development efforts began to show some promise, so Allison made several further attempts to gain support and involvement from HQ. He said:

> *Pharma central laboratories saw Morton as a small, high-risk company. And the in-house experts in Pharma were not impressed, even when I took the Morton people to Zurich. I still haven't managed to persuade those people who were sceptical to come over to the UK to see Morton working. In the early part of the project, what they did was to send one of their juniors over to have a look at the project. He came over with a fixed brief and tried to change the project guides, the thrust of the project, which would have added at least a year had he had his way. But we kept trying...*

In early 2004 Allison became convinced that they had solved all the technical problems. Tests indicated that the transdermal patch administered the hormone in the correct dosages, and with no side-effects. But to go to the next steps of clinical testing, Allison realised he needed buy-in from Zurich. He and the UK Managing Director flew to Zurich and proposed a 20 million franc investment to develop this formulation for a pan-European launch.

To the disbelief of the two UK managers, the review committee turned down their proposal, giving two reasons. First, the technology was still at this point unproven. It could therefore be expensive to invest more money in the product if unforeseen technical problems arose. Second, the committee pointed out that the UK subsidiary had been working with a different version of

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