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## Access Index: Generic drug makers less transparent in developing nations

P.T. Jyothi Datta  
Mumbai, June 22

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Source : ATM Index

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Generic drug-makers are less transparent about programmes to make medicines accessible to people in developing countries than originator companies in Europe and the US, says the second Access to Medicine (ATM) Index.

The ATM Index is created by the Access to Medicine Foundation, a Netherlands-based non-profit, and researched by RiskMetrics ESG Analytics, part of MSCI Inc, a global provider of investment decision support tools.

The Index ranks 20 of the world's largest pharmaceutical companies on their efforts to make medicines, besides making them available to people in developing countries.

The rating covers aspects such as research-spend, patenting, policy influence, philanthropy, pricing, and management.

“The ranking encourages drug companies to compete and offers investors and others a way to compare their social responsibility records,” the ATM Foundation said. The first Index was in 2008.

Index 2010 was funded by the Bill and Melinda Gates Foundation, the Dutch Foreign Affairs Ministry and Rabo Bank, among others.

Report card

The UK-based GlaxoSmithKline leads the Index 2010 rating of innovator companies in improving access to

medicines, followed by Merck & Co (US), Novartis (Switzerland), Gilead Sciences (US), and Sanofi-Aventis (France), the note said.

And in the new rating of generic drug companies which do less in research but produce low-cost off-patent drugs – Ranbaxy, Cipla and Dr Reddy's topped the list of companies reviewed.

Explaining why a different rating system was devised for generic companies, ATM's Managing Director Ms Femke Markus told Business Line: “As the business models and drivers of the two type of companies are different we decided to create a separate list on the generics starting with the seven largest companies (based on market cap). Stakeholders and we believe that we, by this separate list, compare more like to like and that this will also more stimulate the Generics companies to increase their efforts.”

On generic drug makers being less transparent, she said the rankings were based on data provided by companies, public data and third-party sources.

Three companies provided data: Cipla, Ranbaxy and Mylan, the rest was gathered by Riskmetrics Group. Further, she added, low prices were an important technical area of the framework against which all companies are measured. So generics perform well on that technical area (on an average better than the originator industry), the generic companies help drive down prices by increasing competition in the market for off-patent drugs, she added.

“The 2010 ranking reveals important progress, if only because companies have shown far greater willingness to open up.

“The Index unveils great improvements, especially in the areas of research and development, and equitable pricing. At the same time, it shows that the industry as a whole still has a long way to go,” said Mr Wim Leereveld, the Index's founder.