Abramo Brandi , Managing Director Octapharma Italy, VP Africa



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24.05.2022

Tags: Italy, Africa, Octapharma, Plasma

Octapharm's Abramo Brandi, Managing Director of Italy and VP Africa, outlines the particularities of the plasma derivatives business in general and the Italian market in particular. He also explains the company's new opportunities in Africa.

Having worked in the plasma derivatives business for over 20 years, and having experience in different companies, what would you say are the main differences between these companies seeing as their products are quite similar?

It might seem that these companies are the same, but they are not, I would not say it is a similar experience working in Octapharma, Kedrion, or Takeda. For me, they all have distinct environments, policies, procedures, and production technologies, everything is different! Each has its own way of doing things and its own problems and no one is better than the other.

I moved from Kedrion to Octapharma because it is a company that is very attentive to people, and that was something I did not find in other companies. Even though Octapharma has very strict rules and is very structured, communication is very good. The Company has an operative mechanism called General Manager Committee (GMC), where all the General Managers meet every three months to discuss topics, get information and help the board to make the right decisions. At Octapharma we also have other mechanisms like the International Business Team (IBT), where people from each area participates, Marketing, Sales, Medical, Regulatory, and so on; in order to be

up to date with what the company is doing. We do this not only on a local scale but worldwide. From the US to Canada, Sri Lanka, Singapore, Mexico or Eastern Countries …everybody has an opportunity to participate. The premise is that the more information you have, the better you can serve the market.

Going back to the products, most of them can be considered life-saving therapies; just to make an example, as far as concerns Albumin there was the idea it was a commodity, but recent clinical studies demonstrate that this product is a life-saving therapy too. Each product and brand have an impact, so it cannot be prescribed indifferently, a clinical study is needed approved by the most relevant Health Authorities and according to the results, each product will be targeted to a specific patient for a customized therapy.

Is the Italian market of significant importance to Octapharma?

We have around 10 percent market share of the plasma derivatives market in Italy. It is important to separate the figures from the pharmaceutical industry in general and the plasma sector. The plasma derivatives field is a niche market, and all the products it offers are lifesaving. It is a difficult sector as the raw material is human plasma, which means there is a lot of sensitivity around it, as it is part of the human body, a donation. Consequently, every single drop of plasma is important because it can save someone. My organization’s value is 25 million and if we add Africa, which is part of our activities, we account for 48 million euros.

Can you give us an overview of how plasma collection and transformation work in Italy?

In Italy, we have a very powerful self-sufficient program, to collect plasma. The Italian Regions collect 800,000 litres of plasma, which belong to the regions and the regions give the plasma to one company or another for it to be transformed into the final product. The final product as well as the collected plasma belong to the regions, and the company is paid a fee for transforming the plasma. That means that 800,000 litres translate into 70 percent of the immunoglobulin market, 64 percent of albumin, and so on. For this reason, 60-70 percent of current Italian needs are covered self-sufficiently. In Italy plasma is for the Italians’ needs and not to be sold to other countries. As a citizen, I think it is a fantastic model because it is based on solidarity and the product is significantly available even during shortage periods like the current one.

Would it be difficult for other countries to set up this type of plasma infrastructure?

No, but we should mention that plasma must be stored and transported at least minus 25 degrees, leaving only developed countries to accept such a challenge, while entire continents like Africa are incapable of taking on such a task. The plan is not difficult, but to implement it correctly, the country must have the technology to set up a plasma collection centre.

You can see then that the supply chain is very important, from the collection centre to the company. Before any batch is commercialised, an Official Medicine Control Laboratory (OMCL) must control it and release it if the product is in compliance with all of the requirements, this could take up to a month. This means that from the plasma collection to the commercial activity it takes more than 9 months, which makes planning and logistics very complicated. To assure that everything goes smoothly in production most of human resources are dedicated on quality assurance, quality control, and regulatory. Because the economic cycle is very long and money comes in about a year later, there is no room for mistakes.

Are there difficulties when selling plasma products in Italy?

Since the system tends to favour price factor, it is quite impossible to bring out the innovativeness and the differentiating characteristics of the products.

What is your take on the reimbursement system in Italy? Where does it stand in comparison to other European countries?

I have to be honest. The reimbursement system in Italy is very rigid and it will hardly be updated; prices in Italy are around 30 percent lower than the rest of Europe. Once the EMA grants you the registration, or another EU procedure is finalized, you need to apply country by country for price and reimbursement. The lower Italian price level means that during periods of shortage the Italian market is penalized with a consequent negative impact on the patients' community.

During COVID period there has been a significant reduction in donations in all countries, especially in the US; that meant once again less product on the market, spiked the prices up and the product ended up going where the prices were better. We suffered the shortage, we talked a lot to the authorities to be more flexible, because by fixing prices to be so low we ended up losing the product, and the patients run the risk of being left without treatment. All that we were, and still are,

asking for is a bit of flexibility in order to find the solution together. But the system rigidity makes everything more complex, and we are unable to move on and meet the patients' needs.

What I can say is, for example, a Primary Immune Deficient (PID) patient can suffer four to five infection episodes a year without immunoglobulin. This means the high cost of antibiotics, hospitalization, and for the patient and family, a decrease in quality of life. The product might have been risen in price, but it saves the Health Systems' money and increases the quality of life of patients.

Are you working together with your competitors to transmit that message to the Italian government?

Collaboration in our sector is difficult but Farmindustria is organizing and participating in events to raise awareness among stakeholders on the issue.

Half of your portfolio is in Italy and the other half is in Africa. How did you end up being in charge of Africa? Can you tell us more about this relatively unknown market?

When I started operating in Italy, we discussed also in which other geographical areas and in which countries to look for new opportunities and we chose Africa.

But why do companies not want to invest in Africa? It is an issue of perspective. In the African market, you have to build up everything. Knowledge of the product, of the disease, the diagnosis, must be done from the ground up. We wanted to enter a market where, historically, we had had some type of presence before, targeting big cities to build up our presence before moving on to another country and this is what we want to do to create room for our products.

Regarding reimbursement, there is no such thing in Africa but there are other mechanisms. In some countries, such as Algeria or Tunisia, the state pays part of all costs. Other countries leave it all up to private insurance, and in some countries, private insurance is only extended to workers. Therefore, it is very hard to set a standard for all of them. We are also working to make our contribution so that the states understand the impact that plasma derivatives have on disease and take charge of them.

With supply chain issues and energy prices going up, there will be an impact for companies like yours. What trends are you seeing globally that might impact you locally?

Everything is going up, annually we get a new request from the authorities, which is very difficult to manage. Octapharma opened twenty new plasma centres in the US during the shortage. When a new plasma collection centre is created, it needs two or three years to see any type of return, as at the beginning there are a lot of expenses like infrastructure and personnel. Once you get around 30,000 litres of plasma, then you can say that your plasma collection centre is working well, that is only in quantity terms, because if we talk about quality, it is even more strict, because every single drop of plasma must be tested against viruses. This is a very important aspect of the sector; all plasma is tested before going into production. This means higher production costs that will result in higher commercial prices.

Do you consider Octapharma to be a success story in Africa? Do you want to expand and grow more there?

Right now, considering the African situation and our investments, we have done a good job, but to be honest I am not completely satisfied. I'd like us to do a better job, but in order to do so and grow, we have to find the right partner for each country, as we are not setting up subsidiaries everywhere. Currently we have many distributors, but we need to jump ahead, and for this reason, we are going to set up a representative office in Africa, with a local structure and local people; this team will give services and knowledge from a medical, marketing, and commercial point of view. This would mean direct assistance to our partners, and this is the way we can grow. The office will be in Morocco as it is well connected to the rest of Africa.

Is there a particular message that you would like to share with PharmaBoardroom's global audience?

In Italy, we have something called Payback, which means that the Companies are obliged to pay 10-12 percent of the yearly turnover to the state without any negotiation; the payback has a negative impact on the profitability of the company and combined with a policy of low reimbursement prices makes Italy a very unattractive market to work-in.

My message for the pharmaceutical industry and health authorities is to better understand plasma derivatives sector. In the end, I think we need more collaboration among the stakeholders, I mean look at what was achieved with the COVID vaccine in one year. I would like an environment where there is collaboration, where people can talk openly. At the same time, authorities should take into consideration the peculiarities of plasma derivatives and there should be clear channels of communication in order to work together in the aim of solving and preventing issues. All of this is important for patients because if we cannot find a timely solution together with the health Authorities the patients run the risk to see their needs not met.

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