

Luca Crippa - CEO & Managing Director, IBSA

Farmaceutici



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We spoke with Luca Crippa, CEO and Managing Director at IBSA Farmaceutici, about the company's approach to developing new delivery technologies for existing and natural molecules, its focus on endocrinology, fertility, orthopaedics and aesthetic medicine, and the group's new affiliates in the US, France, Germany and the UK.

You held a number of international positions before joining IBSA. What brought you to IBSA? Were you already familiar with the company?

I spent 12 years working at Bayer. I lived in Berlin and was responsible globally for the cardio aspirin protector. I was responsible at a European level for the anti-infectives business and then I started my country manager career in Croatia where I was head of Bayer for the Balkans. I then moved to Nestlé, first as general manager of Italy of Nestlé Health Science, and then at a global level as a vice president of one of the divisions of Nestlé Health Science. I knew IBSA already because when I was working for Bayer, the company was selling one of the technologies of a product developed by IBSA, a drug delivery plaster and I visited IBSA to try to in-license another innovation the company created. That will give you an idea of my background, but I started my career in organic chemistry and my first job was in a research and development centre in genetic engineering and then I went to GlaxoWellcome and left research behind and went into business.

When I moved to Bayer I did some international management courses at INSEAD and the London Business School, so I moved over to general management and global positions.

I moved to IBSA because it has a huge potential to expand globally. IBSA was a small laboratory in Lugano, that was bought 40 years ago by an Italian entrepreneur, Dr Arturo Licenziati, and he invested a lot in innovation. Dr Licenziati is like a sort of Thomas Edison for pharmaceutical chemistry. You could say that what IBSA does is take existing molecules or natural molecules and bring them to the next level.

Can you give us some examples of this?

I can give you two examples. One is progesterone. Progesterone is not patent-protected, and progesterone is used by pregnant women to avoid miscarriages. These women must have very painful injections because progesterone is not soluble in water, only in oil which means several intramuscular injections during pregnancy. They have to go to a nurse or to a doctor because you cannot self-administer progesterone intramuscular injections. IBSA took chemical vessels that are called beta cyclodextrin that wrap up the progesterone molecule and make it soluble in one millilitre of water. This one millilitre of water can be self-administered and is painless because it is a subcutaneous injection and is very easy to be self-administered. This is the kind of thing we do, bringing an existing molecule to the next level. Another example, a biological example, is hyaluronic acid. We developed a bio fermentation process with natural, not genetically modified, microorganisms. Through bio fermentation we produce hyaluronic acid and then we purify it, and we treat it thermally to bring additional properties to it. Based on this technology, we created a full line of intra-articular injections for joints. So, for people who have issues with their joints, they can use the hyaluronic acid injections at an orthopaedic level, which allows them to go back to physical activity.

Therefore, the difference between IBSA and other companies is that we have both pharma and medical devices. These examples are representative of IBSA's philosophy. We develop and patent new technologies to deliver either natural molecules like hyaluronic acid or existing chemical entities like progesterone and we take them to the next level.

You mentioned the approach of creating new technologies to deliver existing chemical entities and natural products. What about therapeutic areas? Does IBSA develop these

technologies indifferently or with respect to specific therapeutic areas?

Both. When we have the technologies, we think about where we can apply these technologies. For example, we developed the technology starting from the therapeutic area, orthopaedics, and we developed the hyaluronic acid injection. Once we had this technology, we saw that it could be applied to aesthetic medicine, and we created the business unit a few years ago that is the IBSA aesthetic medicine division. From Italy we run this business unit around the world.

This is one example. The other example is that we identified that we are present in 10 therapeutic areas. We did a strategic review at a global level, and we identified four therapeutic areas we want to develop in the future. Endocrinology, meaning therapeutical hormone replacement, but we also develop the food supplement vitamin D in an oral dispersible film. The second one is fertility or human reproduction. We are one of the four leaders around the world in this area. The third area is orthopaedics where we have a broad portfolio of hyaluronic acid products. In orthopaedics, we also have pain relief because on top of treating joints you need to eliminate pain. Here we have two different products, an anti-inflammatory anti-pain and on top of these we have a full line of diclofenac products. The last area is aesthetic medicine, which is growing.

IBSA wants to focus on four main therapeutic areas. What about the other areas?

As I mentioned, we have 10 therapeutic areas on top of the ones I told you about. There is dermatology in terms of skin repair, which is not aesthetic, but another business. Then we have ophthalmology, respiratory and consumer health, but we needed to focus on our four main areas. We did not sell the less innovative portfolio, but now have another company running these products.

How do you organise your sales force with such a broad portfolio? How do you ensure that you cover the market?

We have identified these therapeutic areas and we want to reach 1 billion globally with them. We identified these geographies: the historical ones are Switzerland and Italy, which is also the largest one, and the USA, France, Germany, the UK—the group is opening these affiliates this year. In Brazil, we run the aesthetic medicine business through distributors and then China we see as a big opportunity, but we are still working on that.

To answer your question about organisation, it is not just a matter of a commercial organisation. When I say we want to sell these products in the United States, for example, it is a matter of developing the right clinical dossier and clinical trials, and eventually changing the formulation to enter that market. It is not just a matter of commercial organisation, but of developing the right science to get the product registered and to get the commercial people to promote it in the right way. On top of this is production because we have to be equipped with the right scale.

Is the registration process centralised in Italy for the rest of the world? How do you go about that?

It is either in Lugano, in Switzerland, or in Italy, depending on the technology, because we develop the science together with the factory and because the factory has to be registered with the health authorities around the world, we keep the regulatory process close to the factory. In Italy we produce more medical devices, and the regulatory process is followed by us. In Lugano, where we develop a hormonal thyroid, they have their regulatory affairs and we work in a very coordinated and collaborative way.

From what you mentioned, Italy is important not only from an R&D and manufacturing perspective, but also as a market. What can you tell us about that?

Just to give you an idea, the total turnover of the group last year was 750 million and out of that, 250 was IBSA Farmaceutici's turnover. IBSA has 2,000 people working around the world and 607 are in Italy. In Italy, for the Italian market, we have 200 sales reps and we have the international division of aesthetic medicine.

Speaking of Italy, we often hear Italians complain about the complexities of the Italian market. How would you say the country and the market are performing?

Italians who complain have not been abroad because I spent many years abroad and I recognise that Italy is a great country. Why? Because Italy together with Germany, is the leading pharmaceutical manufacturer in Europe. Most of the Italian production is exported. And Italy is the country of technology, of manufacturing and when you think about Ducati, Lamborghini, Ferrari, and so on, that is Italian technology, not just Italian brands. Italy has innovation and

entrepreneurship.

What would you say are the advantages of being a mid-sized company?

There are advantages and disadvantages. One disadvantage is scale, because a larger company can decide to sell a product overnight in 50 large market around world. When they have an innovation, after six months, that innovation is everywhere around the world, and this is a great advantage. The good thing about being a mid-sized company and an entrepreneurial one is that you can make decisions very quickly and you can execute them quickly. I have worked in big companies and to make a decision you have to go through many committees; you have to run many business cases and you may fall into the trap of analysis paralysis.

The company is in the process of opening new subsidiaries and rationalising the portfolio. You must also be looking to attract new talent. What sort of people do you look for to join IBSA?

In Italy we are well known. IBSA is one of the Top Employers certified companies in Italy, an example of excellence both for HR- for the working conditions of their employees- but also for innovation, sustainability, etc. It means that now it is easy for us to attract employees in Italy.

I would say that the ideal IBSA employee has an entrepreneurial spirit and is willing to work hard while being optimistic and building teamwork: a doer rather than a talker.

Sustainability, ESG, environmental social governance are also things that matter at IBSA and make it an attractive company to work for. Our president created the IBSA Foundation, which supports students and women in science, and now, children in the Ukraine. And to come back to Italy, Italy has 400,000 families under the threshold of poverty, and they do not have access to drugs. We are one of the partners of an initiative that provides drugs for poor people. COVID brought poverty to high level and for us supporting poor people matters. I think IBSA is a great place to work also in this respect.

What would success look like for you in a few years' time?

I would be happy if in five years, IBSA would be larger but with an approach to growth which is not that of a multinational company, focused only on profit and sales, but more people-oriented, like IBSA is today. We want to grow in a balanced way, keeping in mind the interest of our employees and patients and that of the planet and society. Therefore, we want to grow in order to be more stable, more robust, and with a more international presence, to improve the life of more patients as compared to today.

Is there anything we have not covered that you would like to share with PharmaBoardroom's international audience?

One of the challenges for Italy is that, compared to other countries, the reimbursement system does not reward innovation. It is not just a matter of having a higher price for drugs, but of stimulating companies to invest in innovation. For IBSA the difficulty sometimes is to convince the authorities to recognize innovation in something that they may see as just a generic drug.

One of the issues that Italy and Europe have is the low birth rate. Our people are having less children, and that is a huge issue because we are becoming an elderly society. Thus, my message to the authorities is to try to reward more innovation, to drive reimbursement also where there is a social need, not just a medical need, like fertility. Also, to take a broader view and to recognize a premium price to reward innovation even in natural or existing molecules. In fact this innovation contributes a lot to improving patients' quality of life and it gives a chance for companies like IBSA to invest in innovation and expand their production capabilities to create new jobs.

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