Interview with Carlo Ciapparelli, General Manager, IMS Health Belgium

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Looking at your background, we see that you have been with IMS for over 12 years. What defines your loyalty to the company? What appeals most to you about IMS?

My loyalty to IMS Health lies in the opportunities I have been presented during all these years. Although I have been with the company for over 12 years it does not feel that long as I have been assuming different positions in different geographical locations. To put it into perspective, when I first joined IMS Health in London, I was project manager for a syndicated forecasting publication; I was mainly responsible for managing or conducting the market research required to produce country reports and had a very junior position. Shortly after, I was promoted to manager of the group in charge of this syndicated offering.

Subsequently, I joined a newly established team put in charge of producing thought leadership; we were conducting research to produced publications and white papers on different subjects of relevance in the healthcare arena. I was then asked to assume the responsibility of this thought leadership division for a very large and diverse region in Europe and for this I relocated to Madrid in Spain where I spent three years.

I was then offered the position of country principal in the consulting and service team in Belgium based in Brussels. The following year the geographical area of responsibility was expanded to include the Netherlands, followed by the inclusion of the Nordics and the Baltics in the third year. Finally, as of the beginning of this year, I have been promoted to General Manager of BeLux.

I have had a highly dynamic career development path within IMS Health assuming different, challenging roles in different geographical locations. It is this vibrant, challenging and rewarding environment that still attracts me to the company to this day.

IMS Health sets itself apart through its global reach and extensive network, while mastering local expertise. Clearly, every market is one of a kind, so what is so particular about the Belgian market?

Every country is indeed unique: different cultures, different governments, different infrastructures, and different healthcare systems. The differences in healthcare systems are valid globally but also, and more specifically, in Europe. When the European Union was established with the underlying concept of harmonization and unification, two elements have been kept separate: taxes and healthcare. As a result, even post-unification, each EU member state has developed its own unique healthcare system, with specific approaches to funding and administration of healthcare.

Belgium has an excellent healthcare system — patients are treated well and the health of the population is in line with the vast majority of other developed European countries. Belgium's healthcare system sets apart from that of other countries for its level of access — patients have a very easy access to infrastructures and are able to visit doctors and/or hospitals with very limited restrictions. From a patient perspective this is certainly a luxury and provide a perception of good quality; the downside of this is that this comes at a cost, a cost that is very high, particularly in the current economic situation.

Another unique attribute of the Belgian healthcare system is its unaltered nature; the system has remained more or less the same for a long time now. While this has happened probably for good reasons, I think that this could turn out to be problematic for the government especially when you take in consideration the growing elderly population and increased patient volumes affected by chronic conditions. The current system is not in line with the development that took place from an epidemiologic and economic point of view. I think this is something the government should address.

The government has not tackled this issue so far but have they recognized the fact that they should?

I believe that the various governments failed to address this issue so far because there has been lack of political will to do so. Governments in the form coalitions often struggle to reach agreements on major reforms including healthcare ones. I think that so far the control on costs has been limited to a large extent to the pharmaceutical sector, which, as a matter of fact, represents only approximately 15% of the overall healthcare spending; this approach avoids the core issues.

However, the economic conditions today might be posing a different situation and if the will to change does not come from within the country it could be driven by external pressures; and when I say external I think EU. The pressure in Europe to control deficits is high and given the sizable proportion of healthcare's contribution to deficits in several countries, there could be an increasing external pressure to tackle the issue.

Given the pharmaceutical industry's strong presence in Belgium, what is the strategic importance of the country to the IMS's regional operations and how would you describe your relative performance?

Belgium surely plays an important role for IMS Health; it is an important pharmaceutical market with a very high per capita expenditure (a lot higher than some neighbouring countries like for example the Netherlands). In addition to this there is a strong presence of pharmaceutical manufacturers with significant investments of the industry making Belgium a large exporting country. About 40,000 people are employed locally in the pharmaceutical industry which is a lot higher than many other European countries hence the great reflection of Belgium's importance to IMS Health.

Given the capacity of IMS's solutions to increase business effectiveness and efficiency, would you say that there has been a clear increase in demand for your services in the last couple of years in Belgium?

IMS's operations can be divided in two: we have the information business on one side and the service business on the other. While our information business has reached a certain level of maturity, we are witnessing a very strong growth of our services. Our business is obviously impacted by the general economic climate and the pressure the vast majority of our clients (i.e. the pharmaceutical industry) is currently facing from a cost-containment perspective. Our clients are more and more looking at the type of information they acquire and are correctly prioritizing amongst the different data assets. But while doing this the industry is demanding more and more value added insights and services in addition to what the pure information can offer.

And IMS, thanks to its very solid information-based experience, is ideally positioned to create these value added insights. We can apply very strong analytical skills combined with local commercial experience; the services we are providing are assisting the industry in taking the appropriate decisions and implement the correct actions in their sales and marketing domains. At a time when the industry is increasingly challenged to make cost and efficiency savings, diverse new customers and markets must be tracked, understood and addressed. Relaying on our services offers the possibility to the industry to shift its focus from data manipulation to the decision-making process; it is about avoiding spending on data without realizing its value because of the failure to apply it appropriately. Our services division represents the growing arm of our business and we expect this

trend to continue well into the future.

On the other hand, we see other players such as the Big Four attempting to compete with you in the field of market intelligence. For instance, they are releasing stand-alone data analysis products. Do you view them as serious competitors?

We do not necessarily consider these afore mentioned companies as direct competitors, we do however pay attention to the moves they make. These companies are more generalist and their move to serve the pharmaceutical industry can be considered as opportunistic. Behind their move and aim at penetrating the healthcare arena there is the increased pressures they have faced from other industries due to the economic situation. Although they do possess a very strong set of skills, they lack the years of operational experience in this industry and this is not something one can simply pickup in short period of time.

There are other companies, however, that are strong competitors and that share similar offerings and are capable of demonstrating similar focus on health. In many cases these companies have a major disadvantage to us which is the lack of local reach. I can count many situations in which we have been able to competitively win customers due to our experience and also because we maintain a local presence; this is, I think, a critical factor that instils confidence and comfort in our clients.

Very recently, IMS completed the acquisition of TTC, Strengthening its Pharma R&D Services Capabilities, as well as expanding its suite of syndicated, web-based analytics with the acquisition of PharmaDeals. What synergies are these acquisitions expected to produce and can we already see the fruits of this take over in the Belgian context?

TTC offers a robust set of cost benchmarks, budgeting and negotiation tools to improve the speed, efficiency and cost-effectiveness of trial planning and management activities. This acquisition gives IMS access to the world’s largest benchmarking database in this space. The acquisition of TTC follows our April acquisition of DecisionView, a technology innovator that delivers clinical trial planning and performance solutions. It is early stages but we will move quickly to integrate our real-world global patient and treatment outcomes insights with the solutions of these companies and this is the added value. PharmaDeals will strengthen our publications business; the vision here is about syndicated analytics and insights that help healthcare clients with their real-time decision making in the areas of market assessment, forecasting, and lifecycle & portfolio management. IMS has made other acquisitions in the last year and some have been impacting our local Belgian business more than others. In January for example IMS announced that it acquired PharmARC, a Bangalore-based company specializing in commercial analytics solutions for the life sciences industry. The PharmARC acquisition strengthens IMS’s services offerings, business development and delivery capabilities and it is an important acquisition given the growth that we are witnessing

in this area as previously mentioned.

Although Belgium is a leader in pharmaceutical innovation, the local generics market seems to be struggling. What do you think the future for generics looks like in Belgium and is there potential for growth?

The only way to save costs is by allowing the generic market to realize its fullest potential—they need a larger presence in order to ease the burden on the healthcare budget. This has to be compensated via an efficient reimbursement system that recognizes innovation and assigns the right prices to drugs. In this respect, I believe that Belgium has been standing still, not addressing one issue or the other. The real solution here cannot be found in placing further pressure on the R&D based industry or in delaying reimbursement decisions. These are all very short sighted 'solutions' to a very real problem.

The focus should be in stimulating the right generic business.

How do you now see the Belgian pharma market evolving in the coming 3 years? What will be its most prominent growth drivers?

Growth must come from innovation in the pharmaceutical companies' portfolio – that is what the R&D industry is made for.
The pharmaceutical industry has, over the recent past, been confronted with a relatively dry pipeline while experiencing numerous patent expirations of several blockbuster drugs. The recent patent expiration of Lipitor® in Belgium is however a sign of a turnaround because the big patent cliff comes to an end.

The companies that will be successful are the ones that are able to introduce not innovative drugs and the right ones that will be capable of addressing currently unmet therapeutic needs. Therapeutic areas with still high unmet needs like oncology or diabetes are the therapeutic domains that many companies will be focused on and this is where growth will be derived from. The fact that the big patent cliff is over does not mean that authorities will not be focussing anymore on controlling costs; the contrary is actually valid. Hence, it is paramount for the industry to be extremely efficient in demonstrating the value a certain product can offer.

In conclusion, where would you like to take IMS Health in to following 2 to 3 years and what goals would you like to realize?

I want to continue to develop IMS's core offerings, to keep them up-to-date and relevant and I want to continue to expand our services business. I want to shape IMS to become the leading information and service provider in healthcare, with a very strong emphasis on the service element.

I also want to take IMS away from being mainly present in the pharmaceuticals debate and expand our reach to the full healthcare sector.

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