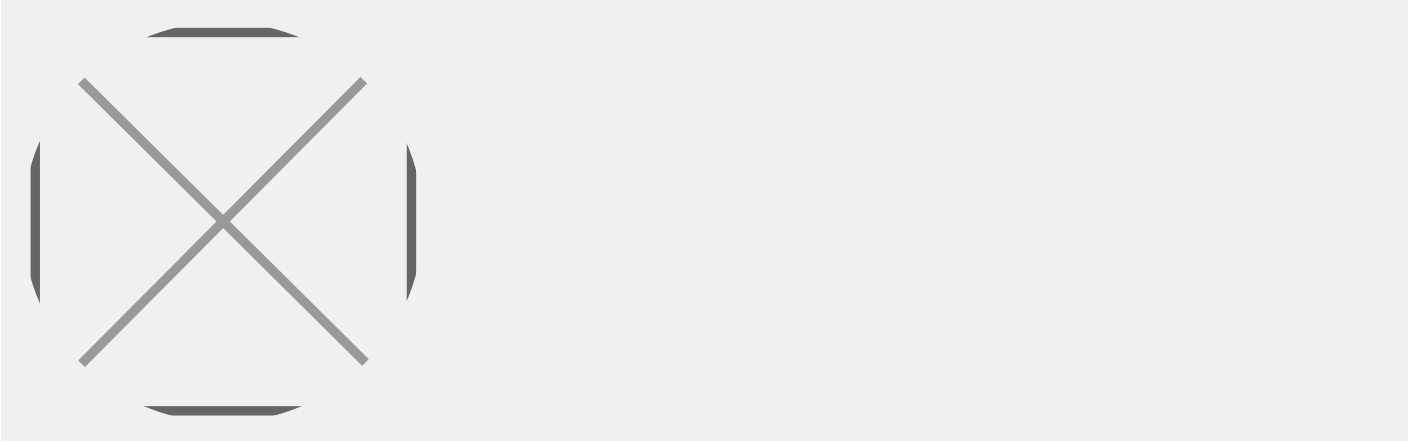
Interview with Ala Ciobanu, General Manager, Roche Ukraine



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As a leader responsible for heading Roche's operations since its establishment of an LLC in Ukraine in 2009, what do you consider have been the main achievements of the company?

The last two years have been very important and active for the development of Roche in Ukraine, particularly since we shifted our legal structure from a representative office to a limited liability company (LLC). The new legal structure opened a lot of opportunities for us to expand our business and we have been taking full advantage of the benefits that this allows us. Another major achievement that we accomplished was the restructuring of our product portfolio. Overall we have introduced more innovative products to it to replace the open care products that represented 65% of our portfolio up to 2009. Over the last two years we have shifted our focus to innovative products in the therapeutic areas of oncology, virology, rheumatoid arthritis, anemia and transplantation, which today represent 80% of our product portfolio. Nonetheless, the most important achievement so far has been the creation and consolidation of our 47 person team that is extremely dynamic and efficient. The team is quite unique in bringing its creative yet professional approaches into daily challenges.

So far we have introduced Roche's global approach of focusing on Personalized Healthcare in Ukraine and it has been well-received overall. As I mentioned before, we cannot implement the standard marketing models that are used in other countries, because the regulatory and legal environment in Ukraine is rather specific and is constantly evolving. So we have to undertake special efforts to adapt to these conditions on a routine basis.

What have been the strategies that you implemented to entirely revamp your portfolio over the last two years and successfully introduce your innovative products into a mostly generic market?

As a global pharmaceutical company, Roche adapts its marketing strategies to each market where it operates. It was obvious that a copy-paste strategy borrowed from Western markets wouldn't have worked in Ukraine so we have been developing our own methods in driving business here to ensure that our products are favored by the market. Establishing high medical standards of treatment our products are difficult to be intoduced to the market, especially because all targeted drugs require profound diagnostics undertaken beforehand to ensure that the product would work. The efficient use of our innovative products also requires the high level of education from the side of doctors who prescribe the medicine. What matters is that Ukrainian patients have now better access to medical information about treatment options including targeted therapies that give them better opportunities to get the most effective treatment for each particilar case.

Indeed what we are trying to do is to best understand the needs of our patients so that be able to better address them. An example of this can be our initiative aimed at increasing the level of early diagnostics of breast cancer in Ukraine that we implemented two years ago. We started with the study identifing the current level of breast cancer diagnostics in the country. At that time it accounted to 20% only. What we did was that we assessed all oncology clinics in the country and checked the quality of breast cancer tests being conducted there and then helped the clinics to improve their standards. This initiative allowed to raise the level of breast cancer diagnostics to more than 70% in state clinics. We think this can come as a good example of addressing unmet medical needs for the benefit of patients.

Roche is recognized globally for educational initiatives and establishment of partnerships with civil society and the academic community as a mean to improve the lives of patients. What are some examples of such initiatives in Ukraine?

As for Ukraine, in frame of the established partnerships with patient organizations we organized a sculpture-making context for children with anemia that are undergoing dialysis treatment in Kiev and then placed the winning artworks as an exhibition.

We also have initiated a lot of educational campaigns for doctors to increase their access to the most updated information on diseases treatment and have organized patient clubs for specific therapeutic areas, such as lymphoma club for example. This is the way for patiensts to more interact with other people living with the same disease and better understand how to cope with it, making them feel that they are not alone. One more event was an archery contest for patients when they shot a target that symbolized their disease. It was incredible to see smiles on the faces of children and elderly people, being so proud to hit the center of the target and believing that the

same could happen to their disease. When I say that at Roche patients always come first I really mean it because in many cases we know our patients personally and follow up the story of their battle with disease.

Despite some tough setbacks with the use of Avastin in the US, Roche still expects record sales of the drug this year and has had overall positive financial results in 2011. How would you assess the performance of Roche in Ukraine in terms of sales, revenues and market share during the last year?

The restructuring that we have implemented over the last two years has helped us to achieve very positive results. Overall we have been growing two times faster than the market average in Ukraine, which this year is expected to reach 12%. Since 2009 we have almost doubled Roche's sales locally and this has been accomplished mostly through our new portfolio of strategic innovative products.

Being trained as a pharmacist and later joining the business side of pharmaceuticals, you have quite a unique perspective on market dynamics. Based on your experience, what would you say are the main challenges of the local pharmaceutical sector and specifically for Roche?

I always believe that every challenge is an opportunity. Generally, I would not say that we face any specific challenges that prevent us from doing business in Ukraine. Nevertheless, the most negative characteristic of this market is the fast-paced and constantly changing nature of its regulation and legislation. This doesn't have to be a major obstacle as long as you remain flexible in order to adapt to these changes quickly. While my team can adapt very quickly to the local level challenges, sometimes difficulties can come from the side of headquarters who might need more time to adapt together with us. When there is a timely reaction from the side of global level to our local situation and we are all working together as a team, then there is no problem for us in being reactive and remaining flexible .

I have been working in the pharmaceutical market for over 23 years. The similar reforms that are taking place in Ukraine now I already experienced in my native Moldova over 10 years ago. Moldova was able to reorganize its healthcare system rather quickly because it is a smaller country. My previous experience helps me a lot in driving business as I can predict most steps taken by the official healthcare authorities on their way to a more efficient healthcare system including reimbursement schemes.

Considering your extensive experience in the region, how do you perceive the government's current attempts to implement healthcare reforms and do you feel that the country is moving in the right direction?

The implementation of a reimbursement and insurance system depends entirely on the decision-makers of Ukraine and how serious is their intention for such changes to take place. There will always be debates what is the best way forward and there will be always people in favor or against each decision. Ultimately the rollout of reimbursement system can only take place when a true leader takes it upon them and makes sure that the new law is passed. Once the law is passed, then all other necessary changes will follow and all stakeholders will adapt accordingly. So what is really needed now is a concrete person who will take this initiative and drive it forward until it's implemented – otherwise the debates will be endless. This is similar to what happened in Moldova when in 2001 the President finally decreed that the system had to be reformed within one year, and only after that everything started to become in place, including creation of insurance companies and new legal invironment. Today this system is still working and has proven to be rather successful. The same I think needs to happen in Ukraine.

As you are probably aware, the government has already implemented pilot projects for the initial reforms in 4 regions of the country. I feel that this is a very positive step in the right direction as it will allow to evaluate the effectiveness of the changes they are planning to implement on a national level. Ultimately it is the patients that will benefit most from the reimbursement system and patients interests should always come first.

Another great opportunity that exists for foreign pharmaceutical companies is to collaborate with the leading local producers of Ukraine's pharmaceutical industry. In other countries we have always seen Roche as a leader of such initiatives. Is this something that you are considering in Ukraine?

Indeed this is an opportunity we are really interested in and are already exploring it. We started to think about such initiative in 2009. Having analyzed the situation around the local pharmaceutical market and its regulatory environment, we came to understanding that this sphere might be of interest to us. It was obvious that the government is really interested in introduction of innovative high-quality medicines to Ukraine at a reasonable price. It was also clear that there is a preference for local producers and that regulation could be shaped for their benefit. Taking those arguments into consideration, we initiated a project to localize the late-stage manufacturing for some of our products. Such kind of projects always start with packaging stage because the technology behind full production of our innovative products is very complicated and would require the transferring of knowledge and implementation of additional manufacturing facilities afterwards. In any case, this a very important step in general because it will lead to increasing access of our innovative products to Ukranian patients. Nowdays we have started collaboration with Lumier Pharma regarding localization of our two oncology and one virology products. The latter has already been registered and the first batch was produced in December 2011.

With all these accomplishments and much success thus far, what are your ambitions for Roche in Ukraine in the near future?

I expect Roche Ukraine to grow faster than our global counterparts, because local market opens a lot of opportunities. When you understand that the consumption of medicines in Ukraine today accounts for only $58 per capita, compared to $120 in Russia and close to $300 in developed countries, then it becomes clear that there is a long way to go and that we need to bridge this gap rather quickly. Taking into consideration the reforms that are being implemented in the country today, not only in the healthcare sector, but also in the sphere of tax, legal and social invironment, it becomes evident that there is a huge potential for international pharmaceutical companies here.

The opportunities are undisputable and I will do my best to use every possibility being open in Urkaine aimed at driving business successfully relying on our three main values: integrity, courage and passion. This is what we do every day in Ukraine and we do with real enthusiasm.

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