

# Interview with Adriano Treve, Director President, Roche Brazil

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**The government recently released the ‘BrasilMaior’ plan, whose slogan is “Innovate to compete. Compete to grow.” How would you recommend the government innovate, compete, and grow in the pharmaceutical industry here in Brazil?**

There are various fields that we should look at because Brazil overall is a very complex place. We need to reduce the overall complexity in the market. There are so many unclear legal aspects, and the tax situation for example is heavy. The plan is a good initiative, however it will meet this complexity which is normally not seen when you talk about concepts. What should be done is to link the reality with the concepts.

**Can you point to a few specific areas that would provide the most benefit immediately?**

First of all, access to the public market is a long process. When you look at the numbers of new innovative products, there have been few, basically none, new inclusion of innovative products during the last years in the public sector. Then we have this situation of legal injunctions, a costly process for the government. With these resources they could pay for the drugs that could be on the approved public drugs list. So access to the public market is an important issue.

Also the registration of new products needs to be addressed. ANVISA needs to raise its capability of understanding new drugs. Today registering a bio-tech drug needs different regulatory capabilities, than if you register a chemical drug. The know-how and the capability of understanding the combination of diagnostics tests, together with pharmaceutical products, is an area where ANVISA needs to build more technical capabilities and know-how.

Products today have become more difficult to evaluate as some of the products have different indications, in particular in Oncology.

Also, government should see the pharmaceutical industry as a partner. We can cooperate in many projects as we can share a lot of know-how and expertise.

The SUS in general needs an in-depth review. It needs to reduce bureaucracy and get more efficient in patient management.

**A recent article in The Economist said the SUS gets very poor value for its money, by for example spending money on court injunctions that could otherwise be put into registered drugs, as you suggest. The article quoted a World Bank analyst who said the SUS also spends too much on hospitals and should spend some of that money on the family health program. What is your view on that?**

The SUS is a complex system and organization. The politicians have only four years to make something happen, and in four years you cannot reorganize such a healthcare system! As a result, you will see only incremental improvements over time. We mustn't forget that Brazil is a continent, where cultures are different by regions. The basic ideas may be really great but it is a question of organization. The main thing is having the different entities speaking to each other.

**Can you elaborate on the most notable milestones and achievements of Roche in the last year or two as well as the importance of Brazil in the overall portfolio?**

Brazil has been and is important in the overall portfolio, because Roche had always a strong position in Brazil. Even before, when China did not have the speed that it has today, Brazil was among the top 10 global affiliates.

We have been present in Brazil for 80 years. Roche has been the number one company in Latin America for many years based on its primary care portfolio, and historically Brazil was always a focus of the Roche group.

In terms of milestones, we have repositioned Roche in Brazil since 2009. We restructured the whole company, hired new people, and put ourselves back on a more competitive platform. One key factor is that we started discussions and collaboration with the government which we did not do before. The government is an important customer for us. It's just that we had little experience to collaborate with the public sector.

The restructuring and realignment were key to repositioning Roche in the market and our customers in the private and public sector quickly understood the new Roche – this created a pretty good dynamic. Also we have excellent products! Roche has currently fantastic products in the market and a promising pipeline to come.

**Pricing is one of the most important factors with government. Can you speak to the willingness of government to approach the private sector?**

The willingness is there for sure. The question, as everywhere in the world, is about prices? There are two opposing positions: the government has no or little money to spend, and their budgets are under pressure, and we need to make sure we give access to patients to our products. If we go along our own paths we will never meet. So we need to meet somewhere in the middle so we can both achieve our goals.

Pricing is for sure an issue everywhere – the key though is to increase access for more people to our products. This is our main goal. Pricing as such is not the overarching problem. Pricing will not prevent us from launching a product. Pricing is a global issue, and not just a Brazilian issue.

**So what is at the top of your priority or challenge list?**

The top priority is to have a good working relationship with the government. Comparing to the beginning we made progress and we achieved a good collaboration with all the stakeholders.

**One issue is innovation. Roche has many partnerships and invests over \$50 million every year in clinical research in Brazil. Can you address Roche's commitment on those issues?**

Innovation is basically the core of our business. All the products that we bring to the market, are very innovative in their approach and with their treatment options. If you look at our pipeline and the product that will eventually come, they will revolutionize the way they cure and handle disease. Our approach to innovation and our science is what makes Roche so special.

With regards to PPPs and respective technology transfers, we want to work together with the government to make sure that we are part of the development of the country. We want to be recognized as a company that invests in Brazil and not just to be seen as a company that is here for commercial reasons only. We have been here for 80 years and we will be here for another 80 years or perhaps another 160 years! We want to be part of the success story and be a part of bringing the solutions.

**Do you see an equivalent to Roche's flagship Penzberg research center being built in Brazil?**

No I do not. Just from the size – it is a multi-billion dollar investment effort. With biologics you need a different approach, because the production of biologics is different from chemicals. I do not see that you could build a Penzberg here in Brazil, because we also already have enough capacity to supply our product to Brazil. It is more important that we can bring part of the process to make biologics to Brazil. I am not a technician, and I do not know exactly where the costs extrapolate, but there are various phases in doing so, and the question is around which of these phases we are willing to bring to Brazil, so we can provide more access and ensure a sound commercial balance that exists from importing all these products. We could be a good partner helping the government develop in this area.

## **How important is contract manufacturing for building up that hub?**

I think our factory in Jacarepaguá is a very important part of our growth strategy. We have a lot of land, a lot of space, if we want to expand.

Secondly it also shows the difficulties a lot of companies have in continuing with the chemical manufacturing, because the blockbusters concept in primary care is not there anymore. If you look at primary care, which is the largest market here in Brazil, growth is driven by generics. So the large multi-nationals struggle to fill the capacity because we do not have these new blockbusters in primary care as in the past.

Biotech is different and cannot be compared to chemical manufacturing. The manufacturing process is different and in the end it is a different approach overall.

## **Where do you want to take Roche in Brazil? What are your plans for the next five to ten years?**

The strategy and where we want to go is pretty clear: Roche wants to remain the number one company in the hospital sector and the number one biotech company.

We also want to successfully launch the products we have in our portfolio in such a way so that we position Roche as one of the most important healthcare providers in Brazil. In my view we should continue to grow double-digit.

## **What do you think is your main asset as a European in Brazil managing a Brazilian affiliate?**

My main asset is the cultural understanding and making the link between the local complexities and headquarters.

## **In 2006 when we talked to you in Portugal, you said you had 20 or more clinical trials but it was a constant fight for space within the organization, proving you can recruit people, etc.?**

Brazil is on a completely different scale! Here the people come and say: how many clinical trials do you want? It is just the opposite. In Brazil we have to go at it differently, because it is a big market. Roche wants to be exposed to big markets, so we want to be part of all the trials. In Portugal, we started to bring clinical trials and involve Portuguese institutions in this global network. In Brazil, people knock on the door every day.

The main challenge here is to manage growth. Managing growth is the most difficult thing you can do because you need to make sure you put your money in the right place, because there are so many opportunities. Growth always brings confusion or chaos. With growth you do not know what is next, in a stagnant economy things are clearer – they go much slower and you can control them better.

In Brazil, things are so fast and sometimes you really need to hold back because there are so many opportunities. You have to balance between where you put your money within your budget

and trying to make sure you get the best return for it.

### **Do you have a pet project?**

My pet project at the moment... well, they are various, actually! One is to get one or two tech transfers done. I think the tech transfers and the relationship with the government are important. Another one is developing people and making sure they make the next level. We have very good people, but there is always room for improvement. However this takes time and it is not an easy process. It is also a challenge to dedicate enough time to people development; chaos and growth takes up so much of your management time so that you really need to focus on it.

Brazil is a complex. It is a mixture of size, creativity, change and speed which makes it a fascinating place to work.

But you need to be persistent. You will get results, but you do not know what results you will get, because in the process everything can change. And this is one of the challenges we face every day.

### **What is your final message to our readers?**

The pharmaceutical market in general is a great and special place to work. Especially in Brazil I think there is steep learning curve. With regards to Roche I would say overall with our current and future portfolio we bring real value to this country and its people. We are making a real difference.

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