

Interview with Pawel Ciapala, Managing Director, Ipsen Poland

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When we look at the full year 2010 unaudited IFRS consolidated sales, we see that Ipsen performed very well in 2010 in Central and Eastern Europe. How has Poland alone performed in the same period?

It is my personal privilege and pride to say that 2010 was an extremely good year for Ipsen Poland, as it is my first year heading the affiliate. Indeed, the company has grown double digit.

What is Ipsen Poland's contribution to the group?

In terms of sales, Poland is the third country for Ipsen "Other European countries" zone (i.e. Europe except France, UK, Germany, Spain and Italy).

How would you explain the good performance of the affiliate?

The major driver of the growth is Somatuline®, a drug in endocrinology launched in 2009 in Poland. Due to the good performance of the team in managing this specific product, the affiliate has been able to outperform last year. Thanks to that, Ipsen is gaining market shares in Poland.

Will endocrinology remain Ipsen Poland's main area of focus in the coming years?

Ipsen has a very interesting story. Whereas the company used to be focused on primary care, it decided to start focusing on the specialty biotech business some years ago. The company's business model is based today on four pillars: oncology, endocrinology, neurology and hemophilia, the latter being developed especially through the acquisition last year of an American biotech

company named Inspiration.

You mentioned that the primary care was the company's start-up business. But considering the specificities of the Polish market, its large population as a growth potential for primary care, a low Gross Domestic Product (GDP) per capita spent on healthcare as an obstacle to specialty care, is the approach different in Poland?

The strategy of the group is global and will also be implemented in Poland. The primary care market is the largest one, but it has a lot of constraints, and companies operating in this market often face significant issues regarding the regulatory environment and threats from the competition. When we consider the profile of Ipsen, also at a local level, the strategic approach to stay focused on specialties is the best one in my view, and it is the one I am going to carry further.

It is the right move, and it is also the one applied by many companies.

Mr. Zimmerman of UCB was telling us that Poland is behind the schedule of the world, referring to the delays in this country in terms of market access. Do you agree?

It is only a matter of time before Poland will follow the same directions taken by the Western European countries. In Poland, I challenge you to find one person who is sure about what will happen in the future regarding the new legal project. There are still many discussions about the reform, but once it will be published, then we will see the main directions that Poland will take and to a certain extent the support of the local authorities.

It will take time before Poland will go from chemical-oriented entities to Biotech-oriented entities, as Mr Michal Bichta of Merck told us. How do you evaluate Poland's potential to develop Biotech?

The motto of the company is 'innovation for patient care', which matches perfectly Ipsen's values and approach of the business as an innovative biopharmaceutical company. From a personal point of view, working for a specialty company or promoting this approach is like selling a diamond. Biotech is 'la crème de la crème', as they say in France.

Looking at your competitors in the industry, it seems that all major players developing their Biotech segment are well established in Poland. How do you assess the level of competition for a Biotech company in Poland?

For Ipsen's major products, there is for each of them only one up to three major competitors operating in the area. Although there are few competitors, all of them are strong. Ipsen Poland does not face any generic competition in the Polish market. But one day, they will come; it is a matter of time.

Health leaders and all kinds of representatives of the pharmaceutical industry should focus on innovation and build an environment where there is a greater time dedicated to develop the market, before generics can actually enter. Otherwise, the market will never develop.

What do you identify as the main strengths of Ipsen Poland to be competitive in this tough environment?

Ipsen is a focused company, hence strong in its therapeutic areas. Moreover, the decision making process within Ipsen is fast, thanks to an effective structure, which allows being better than larger competitors. The quick ones can be better than the bigger ones.

Lastly, Ipsen has understood the importance of flexibility in Poland, which it has strongly developed as one of the main assets. The company is increasingly working on key account management projects, striving to better understand the market, think ahead, and find out what is the best business model to be applied for specialty products on the Polish pharmaceutical market.

How is Ipsen Poland preparing to the new law on healthcare currently under discussions in the Parliament?

I implement my strategies in Poland with a one year prospective, considering it is very difficult to predict what will happen in the market in the next three to five years.

Now that we have met four of the six French companies composing the G5 – bioMerieux, Ipsen, Pierre Fabre, Sanofi-Aventis, and Servier – in Poland, we can say that the French are doing well in the country. Would you say that the good perception of the French people in Poland is helping the business?

I used to work for many years for American companies, and today I have the opportunity to work for a French company. I have noticed major similarities between the French people and the Poles. It is for instance interesting to see how both peoples are emotional by nature. Personally, I am an emotional person, and I like this approach of doing business. On the other hand, I also appreciate very much having skills on the analytical side, going in details before making a decision. A combination of both is beneficial to companies.

In May 2010, you said in Pharmaceutical Representative Polska: “Unfortunately, in the pharmaceutical industry just as in sport, you’re only as good as your last result.” Isn’t a company or manager also judged and remembered on they way he actually runs the business?

The challenge as a responsible company is to deliver what you promise. The delivery needs to be done in a very ethical way – it goes without saying. The older I am, the better I understand the value of the company. This may be artificial for people who have just started, but after many years I

do appreciate the values of the company which I work for. Unfortunately, we are working in a business where managers are still to a too large extent evaluated on their ability to reach targets, and their capacity to deliver short term results.

From a long term perspective, success comes with building a reputation and a strong brand of the company. It is one of my personal objectives to better position the company's profile within the market.

To you, what makes the uniqueness of Ipsen's values?

At Ipsen, patients are always the centre of any business discussion. The attitude is fully in line with the motto. One shall never forget that in the end, there is a patient's life at stake. If we focus on the patients first, then the profits will most probably follow, but it has to be this way and not the other.

You have been heading the affiliate since late 2009, and since then the affiliate has been growing successfully. What is left to achieve today in your personal ambitions?

I would rather continue what has been done by my predecessor. The success of the company has always been built on the effort of the team. Nobody is perfect, but the team can be. In the future, Ipsen Poland will keep focusing on the same four segments and try to be a leader in these specific segments. I also want Ipsen Poland to be one of the best affiliates within the group. There is always a room to be better and gain more market share.

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