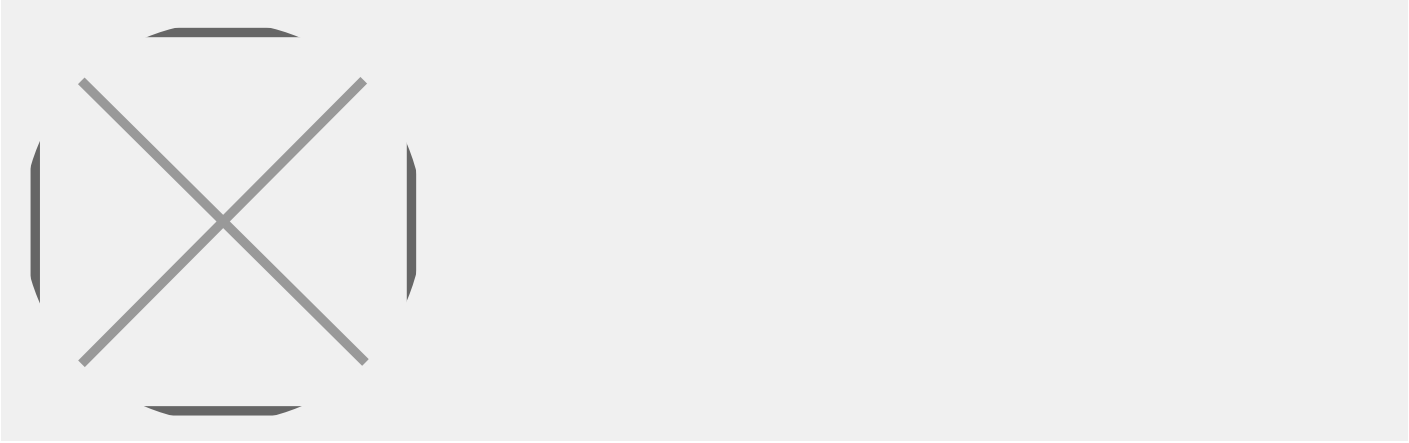
Interview with Jenny Winter, Managing Director, AstraZeneca Hungary



03.11.2011

Tags: AstraZeneca Hungary

The Hungarian pharmaceutical environment has been undergoing many changes recently, such as a sales tax increase to 20%. Do you feel this is a climate of threat to MNCs in Hungary?

I would say that it has become an extremely difficult environment to operate in. There is a myth that we are hugely profitable, while in reality we are less profitable than other countries in Europe. Do I think it is a threat? Yes. Did we have conversations about whether or not we should stay in Hungary? Yes.

What made you decide to stay?

Our bottom line is that there are 10 million patients that need innovative therapies. I do not think that we should pull out of the market because of these government measures. We are still able to make a return, while at the same time we have a crucial role to ensure access to innovative treatments for the Hungarian patients. Despite certain rumours in the market place, I can confirm that AstraZeneca has no immediate plans of leaving the country.

However, we did take a decision to reshape the organization according to the size of the operations. Henceforth, we have recently made a third of the organization redundant.

You have also publicly announced that AstraZeneca would no longer initiate new clinical trials in Hungary, while the country has traditionally been a hub for such activities within the company. Has this been a tough decision to take?

This was a very tough decision indeed. Because the Hungarian physicians are so well trained and because the quality of clinical research in the country is so good, it was a significant challenge. The problem we have is that many of our products that come through the clinical trial process and get registered, do not become available to the Hungarian patients. We were therefore very concerned that we were starting to get to a point where medicines had been found effective, while patients would have no access to them. This element played a key role in our decision-making process.

Nonetheless, we are carrying on the trials that we have started and still have a large number of patients involved in clinical research here today.

If we take a step back and look at the time you took over as General Manager in February 2010, can you provide our readers with a better idea on the business environment at that time, and what have been the key milestones and achievements since then?

When I first arrived here, it was clear to me that Hungary would be one of the tougher political environments to operate in. I also arrived just prior to the election and knew that we would soon have a new government in place, which in turn created some uncertainties. I believe the ability for new reimbursements was greater at that time, whereas the opportunity was also there to have an open dialogue with the reimbursement authority. Whilst it was a tough environment, it was not impossible to operate in.

After the new Fidesz government arrived in April 2010, nothing really happened until the regional election in October. Many people were therefore not taking any actions, in order not to lose any political votes. At that time, we started looking into shaping our organization to take into account some of the austerity measures. At that point in time, we had also assumed that we would still obtain reimbursement for new products.

In December, the government then announced that it was taking one third of the funds out of the drug budget, which created complete turmoil. Nobody knew what was happening or where this money had to come from. From December 2010 until July 2011, it was the most disrupted operating environment I have ever witnessed. At that point, we started looking at what our organization would need to become more flexible and sustainable. We started working on different scenarios in order to put the company in a better position. From an AstraZeneca perspective, it was fairly clear by July 2011 what the outcomes of the new measures were going to be.

Therefore, we were quick to make the decision to reduce our sales force and office activity, and basically strip out anything that was not directly related to customer interaction and making our products available. Compared to some of our industry counterparts, we had thus been working for 6 months to anticipate the changes that were bound to take place.

From July onwards, another big turning point from a research perspective, was the clear statement from the authorities that they would only reimburse products that were cost-saving or cost-neutral on the drug budget. Most innovative products, however, are not cost-saving or cost-neutral on the healthcare budget. Following this announcement, we were convinced that we could no longer launch any new innovative products in Hungary.

How have you managed to prevent this “reshaping” of the organization to affect the patients in a negative manner?

Our strategy has been to keep the patient at the centre. We have recognized the fact that, during this period of turmoil, everyone had turned on each other. The doctors had turned on the industry, the industry had turned on the generics, etc. What we kept saying is that the patient was still central. All our efforts in that sense therefore focused on communication, making sure the right information and products were available, etc.

We effectively asked ourselves the question as to how to shape the organization so that the product can be made available to the patient. The problem is that for some of the products we have made available in Hungary and that have been approved for reimbursement, the government has not yet been able to work out how to effectively reimburse the drug. While we do everything in our power to supply our drugs, there are some things we simply cannot change, in particular the reimbursement system.

In terms of therapeutic areas, AstraZeneca’s global strategy is very clear, focusing on 6 important areas of healthcare. Can you elaborate on the portfolio you have managed to establish here in Hungary?

Historically, we have been very successful with our statin Crestor in the cardiovascular area. However, this product lost reimbursement in 2010, and is therefore no longer included in our Hungarian portfolio. Some of the most important products at the moment are Symbicort in the respiratory area and Seroquel for schizophrenia. Apart from that, our oncology portfolio is extremely important, where we have some reimbursed products.

Gaining acceptance for these products also acquires building strong relations with the Hungarian medical community. How did AstraZeneca go about building these ties in the country?

Particularly in our 3 key areas of respiratory, schizophrenia and oncology, AstraZeneca has had long relationships with the doctors, especially because many of these products have been around for quite some time already. If you talk about healthcare in Hungary, doctors are very dependent on the industry in terms of information. They value the interaction with our sales representatives, which very often doctors too.

AstraZeneca is a leading company in terms of ethics and integrity in how we do business. We do not engage in handing out gifts, we stopped taking people abroad for congresses, etc. Overall, our relations with the medical community are mainly built around science, information and education.

Apart from the patients and the medical community, one of the most important stakeholders remains of course the government. To what extent have you been able to establish and nurture relations with the authorities in Hungary?

In my experience, this is an aspect that has been very difficult to manage in the last couple of months due to the turmoil. I am a member of the AIPM board, through which we have been speaking with the regulatory and reimbursement authorities. There is ongoing dialogue at that level, but for many aspects the issue is that there are no answers yet.

Do you feel that the government also understands the value that pharma MNCs can bring to the country?

This really depends who you talk to. The senior policymakers absolutely understand this role the industry has. Politically, MNCs in Hungary still have a “dirty” name following privatization issues in the post-socialism period, but the more senior people in the government understand the value that MNCs generate in terms of employment of educated high qualified people, investment in R&D, taxes, and so on.

When Focus Reports met AstraZeneca’s MC president in Romania, Radu Rasinar, he pointed to the importance of nurturing industry relations too, particularly by tapping into production and distribution partnerships. How do you see this playing out in Hungary?

It is certainly something that we are trying to do here too. This moment in particular is the opportunity to do so. Up until now, everyone has been fighting each other in the past year. If there is going to be a good solution for healthcare in Hungary, it needs to be an integrated solution. We, as an organization are meeting much more with medical devices, diagnostics, wholesalers, and so on, to clarify that we are all in the same boat. If we want to make a difference for the Hungarian patients, we need to pull together. We therefore have a number of alliances around different stakeholders.

As one of the world’s biggest pharma companies, we are of course well aware of the social impact that AstraZeneca may also have on local communities. In various countries Focus Reports has been to, we have for example seen the company very involved with World Asthma Day. Overall, what can you highlight about AstraZeneca’s CSR programs in Hungary?

To be honest, we have not yet done a huge number of specific programs, even though we have been engaged in some smaller initiatives, for examples around asthma and cardiology. We

primarily focus our energy on the healthcare professionals, by providing them with support on patient education. In Hungary, there is no strong tradition of patient associations. We are therefore careful on who we support outside the medical community.

Of course, we also engage in charitable initiatives, such as supporting the air ambulance, but it is an area I very much distinguish from our operational activities. I believe we have to be good corporate citizens, but for me this primarily relates to running the business responsibly in the first place. Aspects such as integrity, changing some of our behaviours, caring about the environment, etc. are much more important than giving any money away. We have to be responsible business leaders rather than focusing on CSR. This is of course an odd thing to say, considering I used to run AstraZeneca's global CSR programs.

There is obviously a strong set of values you aim to transcend throughout the AstraZeneca Hungary offices. How would you describe the corporate culture you aim to establish for your people here?

We are very clear about the value of integrity. Everything we do needs to be in accordance with this value. Firstly, we try to make our people effective collaborators. Secondly, what we are trying to do here, is making clear that we do not necessarily need to be smaller in terms of organization, but instead can do things differently. We are therefore trying to make our people more courageous too. A third aspect that eventually leads to being more courageous is to be more creative. The big field force is not necessarily the way to go. We are trying to move away from the old sales force model to a new much more streamlined and flexible model that is not driven in the same way as in the old model. We therefore need our people to be more creative.

AstraZeneca is globally renowned to be one of the top employers. Is that a position that has already been achieved in Hungary too?

We do not really engage in these sort of "beauty contests", but we do care a lot about the way we behave with our employees. We have an internal survey every year, where Hungary usually comes out as one of the best marketing companies in AstraZeneca. We do put a lot of effort into that and always have an action plan in place in order to engage the team as much as possible. If you have the values around collaborative, creative and courageous, people already become much more used to change overall. When we made our changes in June, most of our staff members actually understood why the reshaping was taking place. In my belief, the smaller an organization gets, the better everyone needs to be, and the more engaged everyone needs to be.

Yet they also need strong leadership in particular in the more turbulent times. How did you manage to keep the morale high in the last couple of months?

Communication! Continuously telling people what was happening, what will happen or what might happen, has been essential. I wanted people to focus and understand that the best thing we could do was simply to do a good job in the first place. Moreover, there has been openness to the employees' ideas.

Moreover, rather than looking at one leader, one of the key factors of success here at AstraZeneca Hungary has been the strong leadership team. This embraces the people that are naturally leaders throughout the organization.

While the future is hard to predict, what remain your priorities for the coming months?

The biggest priority is around operational excellence. Everything that we do, should be done really well. I therefore really want the people to focus on what "good" looks like, and repeating it in their own job.

The other priority is trying to create an opportunity to get our innovative products reimbursed, which is the future of our organization. If we can make sure that Hungary is able to reimburse innovative products at prices that are demonstrated to be cost-effective, then this organization will have a great future.

What is the role you see for Hungary within the CEE region?

At the moment, Hungary has the opportunity to lead the way in finding a balance between good healthcare and financial management. We are now at the point where Hungary needs to make a decision.

What is your final message on the commitment of AstraZeneca to Hungary, that you want to send out to our international readers?

We are staying for the benefit of the Hungarian patients!

See more interviews