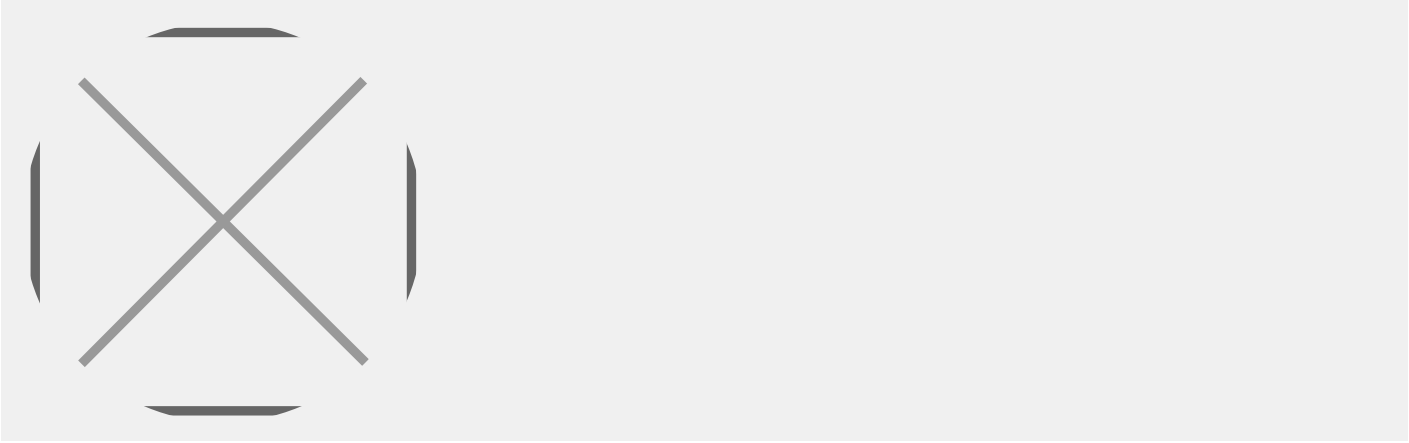
Interview with Franz Zinsberger, General Manager, Boehringer Ingelheim Romania



27.08.2011

Tags: Boehringer Ingelheim Romania

If we take a look back at Boehringer Ingelheim's dynamic growth path in the Romanian market, we see an evolution from a one-man show in the 1990s to a present day subsidiary of over 100 people. What have been the key milestones and achievements for you since joining this subsidiary in June 2008?

We started quite positively in 2008. Just after my arrival the reimbursement list was updated to include some new medicines which was of course good for developing our products and for the benefit of the Romanian patients. Launches for products even without reimbursement, such as Pradaxa, were important. We also had our collaboration with Lilly for Duloxetine which is now completed worldwide.

However, we also had to deal with some difficulties in the market. After beginning quite well in July and August 2008 with the updated reimbursement list there was a blockage in the market in October when distributors went on strike due to substantial exchange rate losses in their operations. Dealing with the economic situation and challenge was an important task over the past three years.

Internally we also did a lot. The team grew substantially in 2009-2010 which involved finding the right people, attracting talent, and integrating everyone accordingly. Even the management team changed substantially. We had two colleagues leave for Austria and Germany, which is a good sign of our work in Romania that people are getting promoted to regional and corporate headquarters.

On the other hand we also have to recognize a not-so-pleasant development that due to market limitations we needed to consolidate our business for the first time in 2011 by reducing our people. Sales representatives in particular were downsized as well as back office personnel.

Worldwide Boehringer Ingelheim has a history dating back 125 years and is today the 15th largest pharmaceutical company worldwide. To what extent have you been able to keep up with that international positioning here in Romania?

When I arrived we were 28th in the market and moved up to 23rd by 2010. We have grown and performed above the market. Admittedly, this is partly due to mergers executed at the global level.

Do you feel that there is a need to catch up here in the market?

There is definitely a need. It is clear that our market share of 1-1.2% is far below worldwide standards. But clearly this is because the reimbursement situation here is much different compared to the bigger countries that drive worldwide market share. If you are not able to bring new reimbursed products to the market soon then you are losing business opportunities.

In terms of performance, Boehringer Ingelheim's global revenues decreased by 1% last year but increased by 28% here in Romania….

It is a little bit tricky to qualify these statistics. 28% refers to the official numbers that we have in the market based on CEGEDIM and IMS data. However, this official data already includes some parts of parallel trade business. The market growth in Romania does not necessarily reflect the official figures.

As we are a branch office here in Romania we do not disclose our internal sales. But I can tell you that internal sales look much different than market sales. To give an example, if Boehringer Ingelheim or any other pharmaceutical company can identify a relatively high quantity of products sold abroad from Romania, then those figures are deducted from our internal sales for the coming period. This is precisely what happened to us.

Like any company here – big or small – we have had difficulties supplying the market and bringing our drugs to the patients because many drugs are going abroad. The reasons are clear. Prices here are low so it is a good business opportunity from a margin point of view. But moreover, it is more financially advantageous to sell your products abroad where you can get immediate reimbursement or reimbursement within 30 days, as opposed to the one year it takes in Romania. Clearly, purely financially oriented people will sell their products where they can make a better business.

For any company here in Romania market figures from IMS and CEGEDIM do not necessarily reflect internal figures.

From a strategic perspective, how important is the Romanian market for Boehringer Ingelheim in the region?

Our regional headquarters is based in Vienna so the inclusion of Austria and Switzerland in our region can skew figures since their healthcare expenditures relative to their populations are extremely high. We have approximately 7-8% of the CEE region's total turnover.

For sure Romania remains an attractive country in terms of its potential. From my point of view we are at a decisive crossroads of how much longer companies will believe in the country's attractiveness. Officially the population is 22 million but we know that 3-4 million people do not live in Romania. If you go to the countryside you will see so many cars with Italian, French, or Spanish license plates because they are the Romanians who work abroad and only come back for summer holidays. The question is, which we discussed with our main association, how far can the Romanian government go with cost containment measures, late payments, and delayed reimbursements until companies decide to downgrade Romania in the interest of their business? There is potential here but it is becoming more difficult and expensive to utilize it. We are reaching a point where companies may lose interest in Romania depending on how drastic the imminent decisions of the healthcare authorities are. Ultimately it is hard to predict the attractiveness of the Romanian healthcare market in the future. Much depends on the development of the political environment.

When we speak of portfolio, we recall that Sergio Daniotti, general manager of Boehringer Ingelheim in Italy, was telling us how Boehringer Ingelheim was growing above the declining market and going up in the rankings due to its innovative blockbusters like Spiriva, Mirapexin and Micardis – products you have also brought to Romania. Can you elaborate on how Boehringer Ingelheim's local portfolio fits the unmet medical needs of the Romanian population?

I think it fits very well. If you look at Spiriva, Romania is a country of COPD because there is an incredibly high rate of smokers. There is a huge number of unidentified and undiagnosed patients as well as patients who are identified but not treated properly. Spiriva is a #1world wide COPD product that is perfect for the Romanian market. But it takes time to develop especially in rural areas where patients lack access to treatment.

Hypertension and cardiovascular are huge markets here where we also fill a big need. We are still in the market for HIV where prevalence is still relatively high compared to other European countries. We also recently received approval from the European agency for Pradaxa, in indication for stroke prevention in atrial fibrillation. This has huge potential in Romania because it is a superior treatment than the product that has been in the market for the past 50 years. Perhaps more so in Romania than in other countries Pradaxa does not need INR control. Given the poor infrastructure

in this country where people have to travel a long way to see doctors and specialists Pradaxa is a perfect solution to treat patients better. We count on our innovative drugs perfectly fitting Romanian patients' needs and allowing us to grow faster than the market.

With the recent launch of Pradaxa can you describe the preparation for it and what makes for a successful product launch?

Pradaxa's launch was very important because it is a new type of treatment. We had to prepare the market for it which meant engaging doctors, creating awareness about the disease, and informing stakeholders that a new treatment option will be available soon. Normal marketing includes being present at conferences and symposiums to communicate to the medical society the latest study results. I consider this to be the most important part of preparing a launch and achieving the largest number of patients who can benefit from a new treatment option as soon as possible.

With regards to field force, Xander Bos, general manager of Boehringer Ingelheim in The Netherlands was telling us how he was shifting his affiliate's efforts from sales representatives to account managers, describing an innovative approach to deal with the people that actually surround the patients – doctors, nurses, and pharmacists. What opportunities do you see for your Romanian field force to go for the extra mile?

The situation here is different regarding field force deployment. If you look at Spiriva or Pradaxa only the specialists are allowed to prescribe and initiate the treatment. So we do not have as many options to deal in different ways and angles.

There is no doubt that the pharmaceutical industry today needs to cooperate to move forward. Surely in the diabetes segment you can be most proud of partnering with Eli Lilly. To what extent has this partnership been leveraged in Romania and how has this cooperation benefited Romanian patients?

There is no doubt that we are combining new promising molecules from Boehringer Ingelheim with Lilly's competence, experience, and knowledge about diabetes. Together we are experts in diabetes, we know the market, and we know the opinion leaders. It is a good win-win situation to combine forces and form a perfectly fitting strategic alliance. Much like what I experienced in Germany when managing product partnerships, it is important for companies to fit well. That has proven to be the case here with Lilly even when one company is publicly registered in the US and the other is a family owned company.

If we talk about research, there is a lot of potential to do clinical trials here – an untapped potential of €200-300 million by some estimates. However, not all multinationals have tapped into it completely. How do you see the activity in clinical trials evolving for Boehringer Ingelheim in Romania?

While my responsibility does not include clinical trials because they are managed out of Vienna, I know that Romania's importance for clinical trials has increased significantly over the past few years. We now have over 100 sites in Romania involved with Boehringer Ingelheim clinical studies. Our experience here is good and the medical education of Romanian doctors is quite strong. However, "brain drain" poses a big problem for the country.

In a country where healthcare spending is so low and the issues involve access to innovative treatments, patients have a big opportunity to benefit from clinical trials. Furthermore, the level of safety applied to clinical trials here is extremely high. In my opinion, if you are a clinical trial patient, you cannot be better treated here in Romania.

But there are concerns about legislation that is currently under discussion to make it more difficult to run clinical trials here in Romania. This can be counter-productive if done in the wrong way. If companies face unacceptably high administrative and legislative hurdles, then they will go and leave Romania. They cannot risk delaying a worldwide study program because one country is creating extra obstacles that cost time and money. Clinical trials offer a huge potential for the Romanian people and industry to benefit from.

Coming back to brain drain, retention in general is difficult in the industry and competition is very high. How do you cope with it and what is your retention strategy?

My perception is that attrition at Boehringer Ingelheim is relatively low compared to the rest of the market as we have many employees staying with us for 5-10 years. In general, our way to attract and retain people is to put our people-oriented philosophy into action. "Value," "innovation," and "lead and learn" are not just words on a wall. People seek a humanistic environment in the workplace. We invest in developing people, talent management, giving our people interesting jobs, and leading them in a way to assume responsibility. This entire package works well and we do not have the feeling that we are losing a lot of people because of dissatisfaction.

Ideally what would you like this subsidiary to look like in 3-5 years time?

My idea would be to have Boehringer Ingelheim at a market share of about 2%. I would like for us to be able to successfully launch and bring a new product to the market requiring us to do our jobs well internally. I am not a pessimistic person and I still believe that politicians will recognize that they cannot overstress negative measures without having big problems on the medium term.

On a personal note, given your imminent departure as general manager of this affiliate, what legacy would you like to leave having worked here for three years?

I believe that the way this team works together is part of my footprint. I think I developed a lot of open and constructive ways of communication. This will for sure remain and I have encouraged the staff here to continue in that direction. What will also remain is the physical legacy; we have moved

from the original office where we were located when I first started. It was another one of the bigger projects that I handled with my team and I think that people here are very happy to have moved to more pleasant physical surroundings.

What would be your final message about Boehringer Ingelheim Romania to the international readers of Pharmaceutical Executive?

Boehringer Ingelheim is very committed to working here. While we cannot operate in the same way as in a developed Western European market, we are very willing to contribute to the healthcare system and know that there have to be special prices and agreements. We will continue to fight for common solutions which will benefit Boehringer Ingelheim and patients in the country. The team is excited and we have the support from the corporate headquarters in Ingelheim, Germany despite all the hurdles.

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