Interview with Michal Pilkiewicz, Country Manager, IMS Health Poland

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IMS 'lives and breathes the pharma industry' and it is stimulating to come from other forms of consultancy to IMS. You have worked in various businesses. What motivated you to join IMS and focus on the pharma industry?

My decision was the outcome of my experiences in different sectors. I can divide my professional experiences into two ten year segments. The first segment was connected with sales and marketing. Through this I learned about marketing orientation and conforming to clients' needs. The second segment was focused on pharma and I joined the industry in 2000. I began the last 11 years accumulating experience in distribution having worked for a wholesaler, ORFE. This brought knowledge and experience of drug distribution and pharmacies as we were engaged in the process of merging three wholesalers into ACP Pharma and buying, developing and linking pharmacies together. This served to create a good connection between the wholesale and pharmacy part of the market.

I jumped into a completely different world when I joined IMS Health in 2004 working on sales, deputy to the general manager and then as sales director CEE responsible for 19 countries. This has allowed me to increase my knowledge and affords me a helicopter view of what is occurring in Poland. I am fortunate to now have a good perspective on the maturity of the Polish market in relation to those other countries in Europe.

Before rejoining IMS, I spent the last 2 years in the e-commerce business with Enovatis, leading the largest tourism web portal in Poland. I completed a merger between Wakacje.pl and Easygo.pl as the CEO of this company. During last year with international partners we were developing

company internet offering in the new areas such as air ticket and hotel reservation and launched new a franchise concept in the traditional, agents channel. Having finished this and due to family reasons I decided to come back to IMS as country manager.

IMS is now a well-established data and consulting provider in the Polish market. As the new country manager, will you stay in line with the former strategies and objectives of the company or will you define new priorities?

We do not need to define new strategies for the operation in Poland. It is more a case of finding new ways of executing the strategy. I would like to change IMS in the clients' eyes to appear more active. One example of this was the presentation I gave yesterday on the implication of the new pharma laws to the senate committee and we are publishing a special report in the coming weeks on this matter. IMS as the only company in the market has access to all information about pharmaceutical market coming from producers, wholesalers, pharmacies, hospitals, doctors, patients and payers. Publishing this report we want to show the impact that this very complicated reform on the Polish market as a whole.

IMS successfully tracks the market and can anticipate its direction providing valuable services to the industry. Considering that no one knows the eventual shape of the legislation what is the added value of IMS Poland in this respect?

There is a very large added value. IMS is the only company in Poland which can bring to the table all the possible scenarios. This is done firstly from the global perspective whereby we analyse the Polish impact using the yardstick of the changes which have occurred in other markets. Secondly, IMS is the only company with all necessary information about market trends and its dynamic. No one else has access to all this information. Finally we have a very experienced consulting team with deep knowledge about the market and pharmaceutical business. This means that when requests come in to IMS, the company is not using the press or third party sources, but its own evidence and knowledge.

There are many discussions about the implications of the new legislation. IMS therefore ran a questionnaire through all of the general managers and interviewed 60 of the them. We interviewed more than 25 general managers of wholesalers and the main pharmacy chains as well as 30 pharmacists around Poland. Collectively IMS conducted over 120 interviews representing majority of the market. The questionnaires and subsequent report gives an indication of the impact of the reforms on the different segments of the market primarily indicating its level of complexity.

Using all of our data expertise IMS can simulate the impact of different legislative measures on the market. Of course in this case there will be significant savings to the national payer, the national health fund, amounting to billions of zloty over the next 4 years. On other hand most of this sum will end up being paid by patients depending on their category. Because of the new reform there will be

more than 130 million in losses on the stock value at the wholesalers and pharmacy level. Discussing the impact of the reforms on the revenues of the companies, IMS can instantly tell that they will decrease in profitability. The market value of the Polish companies operating in Poland will decrease by double digits in percentage terms. There are many other insights that IMS can provide. I am not here to make a value judgement on government policy but merely to provide, through our consulting team, advice and assistance to companies trying to survive in this operating environment.

Ms. Gajec of Cegedim said that the company has expanded in data provision since the 2007 merger. With the rising importance of PharmaExpert in the data provision market, is data provision at stake for IMS in the Polish market and is consulting the future of the company?

Over the last 50 years data has been fundamental to IMS's business. This will remain true in our business today. In terms of consulting, I was personally working on building the consultancy business in Poland starting in 2004. I remember that it took some time to sell a project over US$100. However, since then consultancy has assumed a whole new level for IMS. Since the company began competing it has become one of the largest consultancy firms in the pharma business around the world. This is a sector which will continue to grow and the brand image of the company is changing with it.

More and more clients are seeking the services of IMS not to obtain raw data but to find solutions to their problems. These solutions involve a range of knowledge, technology, analysis and consultancy. This is clearly the area of competition between the various consultancy players. The market is large and there is adequate room for all companies in the market but I believe that IMS can bring evidence-based consultancy expertise into the pharma sector like no other in the market.

Which geographic regions are your local customers looking at in their development strategies?

In Polish history, the country has always stood between two great powers: Germany and Russia. Poland is recognised in both market potential and value as a big Western European Union country sharing many similarities with other European markets. In my opinion Poland is also a mature market although there are some specificities linked to its Eastern connections such as the tendency towards generics.

At the same time, Poland knows the culture of Eastern countries. Poland can easily talk to its partners in Russia, Slovakia, Hungary and the rest of the East. The East of Europe has a completely different culture to that of the West. Polish exporters therefore have a very good starting point in terms of knowing how to operate in these markets. Poland does not always execute this perfectly because of limitations of capital. However, if the resources of two companies: one Western, one Polish were made equal then the Polish company would invest better in the East

because of our cultural understanding and flexibility. Moreover people in these markets react better to the Polish.

As for our local generics companies there are now several strong players. Some were acquired by GSK, Teva, Valeant and other multinationals, some are owned by Polish companies like Adamed, some are still under tenders (the Polfa companies). There is good potential to leverage on the strong talent base of Poland in terms of manufacturing drugs. Although drug development is less achievable because of the costs of developing drugs. Foreign investors are very happy to invest in Poland and Polish companies because of our expertise.

How do you go about demonstrating the local experience of IMS to the companies seeking to invest in Poland?

The answer is simple. If on a given day you want to call all the general managers of wholesalers or pharma industry we can pick up mobile and can contact all of these people immediately. IMS clearly has the contacts in the local market and broad knowledge about it.
IMS will soon be celebrating its 20th anniversary in Poland and many of its employees have been working in the country for 10-15 years. IMS therefore has a stable team and we have long-term relations with all the decision makers in the pharma industry.

In addition, IMS has international expertise and experts that know their local markets inside out and our consulting teams leverage their depth for the projects we run. IMS Consulting has a strong reputation in projects like strategy, new business models development, optimisation and restructuring, investing in portfolio development and so on. IMS therefore brings very good perspectives on risks, opportunities and how to conduct business.

In many cases the experience of IMS can isolate small details troubling a business. To give an example, a client was recently struggling to sell a drug. After 30 minutes passed in our meeting we discovered a problem in the margins offered by the company. In order to remain price competitive they had taken part of the margin for the drug to fund that of another and only left a small percentage of the margin to wholesalers and distributors. We told them that no one would be interested in taking on drugs with such low margins. IMS is therefore there to provide the answers and judgments needed by business.

Is there anything that you would change in the way that IMS has been operating over the last few years?

IMS is changing the way it communicates with clients. We are investing in technology including the internet. IMS is not currently recognised for flexibility because it needs to protect its data and manage all global production procedures. IMS is very conservative in this respect. Facilitating access to information and technology is therefore one of IMS’s core directions.

The second aspect I would like to change concerns the relation between the government and the payers. Large sums of money are spent by government on this. In my opinion, IMS like in other countries could be a reliable partner for government offering the global perspective and our consulting capabilities to their decisions on the healthcare system in Poland. IMS is open to this type of dialogue. I am waiting for the day when this will happen.

What is your final message to the readers of pharmaceutical executive?

The environment has changed and will continue to change when the new law is implemented. IMS will be there to show the impact across the entire healthcare industry, not only on businesses but also on the patients.

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