Interview with Marcin Hanczaruk, General Manager, Ferring Pharmaceuticals Poland

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As we are just entering 2011, could you share with us the results of the Polish affiliate in 2010?

2010 was for Ferring Poland a year of reconstruction. The affiliate has been rebuilding the business with significant internal changes that are supposed to reflect changes in the external environment. The company has also changed on the corporate level with new launches worldwide such as Firmagon, one of Ferring's biggest products for prostate cancer. It is a new class of products, one of the first global launches executed by Ferring, which requires a new set of skills – a new thinking, a new behavior and new leadership. Changes in Poland came in parallel with the corporate changes.

Despite those many deep changes, the company managed to grow its business by 15% on a yearly basis. The Polish affiliate completely changed its business model, from marketing and sales into a business unit's structure, which I truly believe will secure the focus of people in the organization and keep priorities clear. The company has been refocusing on key opportunities, such as an upcoming potential upgrade of the market access, or entering new therapeutic areas.

2010 well positioned us in front of challenges but also created for the affiliate many opportunities.

What is the importance of Poland within the group's global operations?

Poland is definitely underestimated. Poland is for Ferring the second country in the region after Czech Republic. Now, when comparing both populations, it is easy to conclude on the growth

opportunities for Ferring in Poland.

Mrs. Goedknegt-Verkark of Ferring Netherlands, interviewed recently by Focus Reports, said that every affiliate sticks to the four key therapeutic areas which made Ferring successful. Among them, which are the ones driving the growth in Poland?

Over the last couple of years, gastroenterology has been the key driving area for Ferring with the flagship product Pentesa. The second most important area was In Vitro Fertilization (IVF) with Menopur as the leading product. Both products exceeded a growth rate of 30%, contributing significantly to the company's revenues in 2010. Although Ferring strongly focuses on four therapeutic areas – obstetrics, prostate cancer, urology, and gastroenterology – they are all not yet well established in Poland. The company is trying to catch up both in terms of regulation and market access.

On one hand, the Polish pharmaceutical market is very large and still growing in spite of the financial crisis, but on the other hand, Ferring is starting from a very low position. Even though obstetrics are very well established for Ferring's worldwide operations for instance, it is new in Poland. The Polish affiliate is entering the segment at the moment and I have good hopes for the areas of obstetrics and prostate cancer for this year's growth.

Despite a harmonized global strategy, is there a specific approach of the market in Poland? Considering Ferring has established presence in Poland 18 years ago, to what extent is the affiliate today fully in line with the market requests?

The pharma market in Poland has changed significantly over the last couple of years. The early 1990s were called the 'product era': you just had to enter the market with one good product for business to take off. To respond to the rising competitiveness of the pharmaceutical market in Poland, the industry sent more and more sales force, therefore the country moved from a 'product era' into a marketing era, and today companies are facing market access issues for specialty products.

I have to admit that Ferring has slept a bit. The company was quite comfortable with the market situation for many areas, where Ferring was the first and sometimes the only choice for patients. This leadership or monopoly did not stimulate the organization to think and look for other or better options. Suddenly generics or new competitors showed up, which has significantly hit Ferring's performance, as the company was not ready for competition, especially in terms of market access.

It is the biggest gap, compared to the other pharmaceutical companies established in Poland, that Ferring is facing. The company is now trying to catch up by taking leadership in managing market access in Poland, which is quite demanding and complex.

Today with the experience of the Polish market, how does Ferring plan strategies ahead?

First of all, Ferring Poland makes sure it is aligned with the global portfolio. The affiliate plans in advance with the global headquarters' launch activities in order to ensure the proper market access plans for new products. Secondly, Ferring makes sure that its' business model reflects both the external environment and the internal pipeline.

Governmental decision makers involved in setting the reimbursement price of Ferring's products may not be as informed as an industry insider. All multinational companies that we have interviewed so far agreed to acknowledge a mistrust between the government and the industry. How is this situation affecting directly Ferring and do you see it evolving?

The situation with the authorities is affecting Ferring a lot. However, we only have ourselves to blame. Ferring has improved the communication with the Minister of Health (MOH) and key stakeholders. Although results are hard to predict, the Polish market will be more and more market access driven. I believe that economically, speaking there will be no unexpected upturn, where the demography is not a factor helping a lot either given that the whole population is ageing. Within this context, the government has no other choice than to look for saving possibilities through cost cutting measures for example.

Establishing transparent and regular communication with the MOH through the involvement of the medical society, while planning the clinical development of products, and looking both at patient and payer's prospective are crucial elements to draw the future of the Polish pharmaceutical landscape.

Ferring is to some extent "lucky" with its current portfolio, because it has diversified business segments. The company is active in the private sector, with all the opportunities and challenges implied for reimbursed drugs, and is now entering the hospital segment, where the pricing for the time being in free.

You mentioned that Ferring should blame itself. While most say that the government is not recognizing the value of the industry, why do you think Ferring has its part of responsibility in the mistrust between the public and the private sectors?

The authorities are Ferring's customers. The last thing I would do is to blame the company's customers for not recognizing us as we would want it. Pharma has been neglected for years in terms of image. We are paying the price of this negligence today, a challenge for negociations and in rebuilding a trustful relationship with the MOH.

In order to change the perception of the pharma industry, we need a combined effort of the whole industry – this kind of work should be done by INFARMA- to remind people that this is an industry that is saving lives, and that should not be compared in that respect with the tobacco business or the weapons industry. From a local perspective, we need transparent science-focused

communication with the MOH supported by evidence and clinical data. The industry should also help in generating risk sharing solutions for the system, as worldwide, many examples of compromises have been found.

What kind of initiatives or plans could be taken by Ferring in order to help change the perception of the pharmaceutical industry?

Ferring is a leader in its therapeutic areas – or close to be a leader – which is clearly an opportunity to raise our voice and establish a platform for finding solutions. One of the examples is a potential IVF reimbursement in Poland, which purely belongs now to the private sector.

Looking at Ferring's benchmark across the globe and how projects have been managed in other countries, the company can provide key opinion leaders and stakeholders with data which is not necessarily about Ferring's products, but data providing different solutions from a system prospective.

The group has production sites in eight different countries and research centres in Denmark, Israel, and in the US, where Poland is not represented for any of these activities. If Poland were a country where Ferring would invest for non – sales related matters, would it be first in research or in manufacturing considering the country's comparative advantages?

Manufacturing is still an open question. As for Research and development (R&D), there are already Polish centres participating in international projects. One of the focus areas is to increase the share of voice of our centre on the global level. The country provides good quality of data and has reliable centres. Even though there are projects running in Poland across all four therapeutic areas, I am not yet satisfied with the amount of research carried out in Poland by the group.

Some consider Poland to have the potential to be within the top 4 European markets by 2025. Is this achievable and by which means?

It is achievable but it is not a one night show. Looking at the size of the population and the epidemiology, the only limit is time. I believe it will happen sooner for some therapeutic areas such as oncology or the central nervous system (CNS). For others, there is a long way to go still.

Ferring's corporate philosophy is that 'People come first at Ferring', what do you see as the main advantages that offers Ferring Poland today as a working environment?

I am not only hoping but I also believe that the company will lead this "People come First" approach. People make the difference. The business is to some extent a side effect of having the right people. Ferring is a small and growing organization, able to provide internally and externally interesting developments. The company has highly specialized products and a leadership position in its therapeutic areas. Given the size of the company, the communication is much more effective

than in big pharma companies, which means that we can pick up easily on many things from different subsidiaries across the globe, get inspiration from them and customize them. The way the company is run allows people to make mistakes and learn a lesson from these mistakes. This philosophy creates somehow a form of courage to take risks, try different things, etc. Without this kind of freedom, people are just very generic in all they do.

Ferring offers an attractive and interesting environment for potential candidates. When we started restructuring the organization, the main challenge was to bring good external quality into the company. It has been done. You can feel the Scandinavian roots of the company at Ferring.

Is it also what attracted you to this company?

When I joined, Ferring represented both a mess and a lot of opportunities. I find that I have not been working so hard in my life so I was up to the challenge. I am satisfied to see that step by step Ferring Poland is creating a value for the customers, but also for the group. Suddenly Poland reappeared on the radar screen of the Headquarters and the senior management with a very solid business, to the point that the group decided to continuously invest in the country, which is great for the people, the customer, and the patients in the end.

You have been heading the affiliate since October 2009. What have you accomplished since that date and what would be left to achieve?

Ferring Poland is definitely on the right tracks. The major success of the team has consisted in changing the attitude into a ‘can do’ approach. Not being afraid of taking responsibility simultaneously resulted in the growth of the business. By rebuilding itself, Ferring managed to identify talents within the organization.

Thanks to all this work, I strongly believe the strategy of the Polish affiliate has been clarified, with a good diagnosis of where we stand today, what are the gaps to fill, what are our strengths, how to move forward, and where to go. This is a never ending story, as we should never be satisfied with our performance.

If we were to come back in the next five years and meet with you again, where would like us to see Ferring Poland?

I would like us to establish a very solid leading position across all therapeutic areas, which will not happen without a motivated team that sees development opportunities within the organization. Also, Poland will be the biggest country in the region for the group.

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