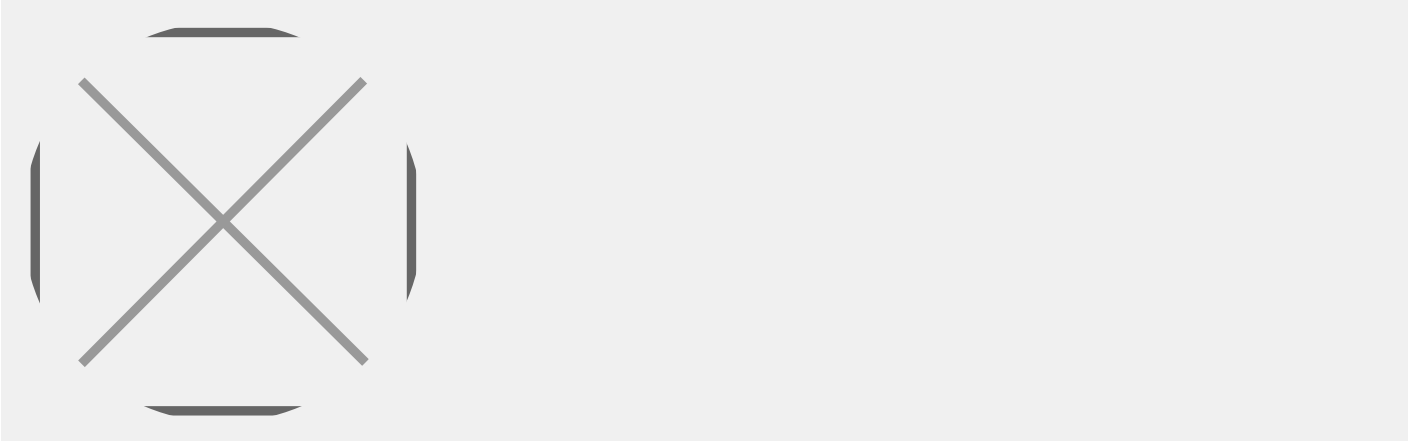
Interview with Maurizio De Cicco, General Manager, Roche Italy



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Roche Italy is one of the companies which went through the most significant re-organization process in the country in the past three years- with important changes in both its marketing and industrial strategies. As you leaded the company through this period, could you expose the actions you took and the main lines of Roche's evolution process?

Up to four years ago, the company was leading the retail market, relying on main products-the first being Aulin, a very well-known local product, and the second one being Rocephin, the first daily injectable.Then the company was divided in nine macro-regions since it was essential to customize the company's marketing and information approach to reach our target more efficiently. Therefore, each single manager at local level was responsible not only for sales and prescriptions, but also for costs and profit in his specific region. Such an innovative change generated great successes in terms of accountability and awareness regarding the local profit with a general return at a national level. This model has been followed by other companies which have been inspired from it.About three years ago, I was appointed General Manager while Roche's portfolio was going through significant changes to face the expiration of its main patents. There was a strong need to switch from a local to a global strategy for the marketing of our products, and as a result, the company's organizations had to be reshuffled again. Therefore, after building its regional approach, Roche abandoned it to adapt the company's skills to the new Italian context by adopting a more global vision; with the strong support of Human Resources department, changed its focus and successfully managed the cultural change of the company also recruiting people from different environments, who completed their international path with regional experiences. All the employees

have been involved in implementing the changes needed by the company and in defining Roche's new values. One of these is to keep the patients at the centre of Roche's activity: the company works a lot with patients associations which consider Roche as a reliable long term partner. Among our values there is the Open Communication which brings with it the importance of the Feedback. The Change Managing Project has always been conducted considering carefully the feedback of Roche's employees (the last survey for 2008 showed 83% of commitment considering the three main parameters of Productivity, Engagement and Accountability).

What has been the most difficult moment?

In this ever-changing context, Roche recently had to go for the first time through a restructuring of the workforce. I personally got extremely involved in the process and with a restricted group of members of my management we tried to find solutions so while the company initially announced the layoff of 220 people in primary care, this number eventually got extremely reduced and most of them were re-orientated internally. As a result of this re-orientation, we reinforced the areas of our main potential of growth, oncology and rheumatology, as well as the structure of the medical affairs department, the link with patient associations and the contact with local authorities at the regional level.Another important factor of this restructuration has been an innovative deal with Innovex, which had the possibility to recruit some of Roche's ex-representatives to promote four of Roche's primary care products accounting for a total of 90 million euros. Innovex hires and pays theses representatives, but has an interest on the benefits generated by an increase in sales. This very positive mechanism allowed Roche to maintain its level of sales, and enables the representatives involved to keep working with products they are very familiar with and keep being part of Roche's culture. The key to maintain such a deal in the long term is to regularly hold meeting between both entities, in order to evaluate the successful areas and the potential room for improvement.

From a human point of view, how challenging is it for a Manager to lead company through such a level of significant changes?

I personally consider myself as lucky to have a deep knowledge of Roche's system, with its strengths and weaknesses- and selecting the right people allows me to make the right choices. Many of the Management Board are new people, bringing new ideas and a different culture together with a lot of enthusiasm, energy and loyalty. Working as a team, without external support, we managed to reach positive results from the beginning- which was critical to show that Roche was following the right path and encourage the rest of the organization to follow the changes. Part of Roche's cultural changes was realized through the recruitment of foreign managers.

As we only see a few foreigners leading pharmaceutical companies in Italy, could you describe the integration process of these non-Italian managers within the company?

At the beginning we recruited Italians that had lived and worked in the Swiss headquarters in Basel and therefore could bring us knowledge of how Roche operates globally. The second step was to recruit non-Italian expatriates and they not only brought best practices from Roche around the world, but also brought different perspectives on how to approach issues and problem-solving. There is a language problem which is a hindrance but the value that these foreigners bring us is invaluable in terms of helping us open our mind and having a global vision. They also have helped us be more disciplined and rigorous in our marketing processes and general execution. Italians are renowned for their creativity but we lack this rigor! This value is recognized not only by the Italian management team but has had a knock-on effect throughout the Company and therefore they have integrated extremely well and now have a strong credibility and leadership As a result of this strategy, and despite the challenges created by the Italian Government‘s strong cost-containment policy, Roche managed to keep growing in difficult market conditions.

What is your assessment of the 2008 results and your expectations for 2009?

In 2008, relying on excellent products in its focus areas -oncology, hepatitis and anaemia- Roche grew twice as much as the market and consolidated its leadership position in the hospital market, containing the decline of primary care. Today, Roche is the third Company in the 2008 rankings: a result of which I am very proud. In the coming years, the company will have to face increasing competition from new players entering the oncology market, and aims at maintaining the growth at a stable level, above the market. Double-digit growth such as the +11% achieved in 2007 is not realistic anymore- as the performance for 2008 stands around +6%, we expect a similar growth for 2009.Roche will focus on profitability – this it the new name of the game – and will invest in new areas for future growth. The main focus on oncology will remain unchanged, but the company will also work towards its leadership in rheumatology, with products like MabThera R.A. and the soon-to- be launched RoActemra. While the pharmaceutical sector has globally been driven by blockbuster sales for the past 15 years, this trend seems to reach its end, and companies tend to direct their efforts to their whole product line instead of focusing on a few best-selling drugs as it has been the case in the past.

How are you prepared for such changes in the future?

Compared to other companies, we are proud to have three main blockbusters in the Italian market- Herceptin, MabThera and Avastin- which allowed keeping a strong presence in the country. In addition, since the acquisition of Ventana, the company is also working towards a new model of personalized healthcare and will be in a few years one step ahead of its competitors in this field.The Personalised Healthcare is an approach that has the potential of increasing the efficacy, safety and cost-effectiveness of treatment and there is no company in the world in better position to make this approach a reality.But as every single company in Italy, Roche has to face a number of challenges, from the regional to the increasing costs of innovative drugs. For this reason, it is

essential to balance the strategy with risk-sharing projects, and keep working on demonstrating our drugs' efficiency to the public. We work to maintain Roche's reputation of science integrity, though reinforcing at the same time its focus on the patients. We can say that our efforts are focused on improving Roche's excellence in marketing and execution. Despite a number of current uncertainties regarding the future of the Italian industry the country managed to maintain its strong manufacturing base- and Roche has its Italian production plant in Segrate.

How do you explain that, in a context when European industries are challenged by emerging markets, Italy still attracts considerable FDI from pharmaceutical multinationals?

Despite many problems, Italy is one of the best-performing countries in the world in terms of quality of production, professionalism and commitment of the workforce even though in general we need to be more flexible.However, excessive bureaucracy is harmful to the system's efficiency. I am deeply convinced that guidelines and policies should be more stable, so that Italy's industrial and research assets could be exploited to the fullest.

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