

Interview with Paolo Zambonardi, Country Manager, Ferring Italy



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After long experience in the pharmaceutical industry, working in both multinational and local laboratories, you took the reins of the already well-established Italian subsidiary of Ferring a few months ago. To what extent did your previous experiences help you to bring a new perspective to Ferring Italy?

My professional path can be divided in to two main periods. During my “learning years”, experience as a Sales Representative at Boehringer Ingelheim taught me a lot about the pharmaceutical world. Then, I moved up in the company – first as a Product Manager, and then continued my way up the ladder over the following years eventually becoming Senior Product manager at Italfarmaco; this was in a prosperous environment when the market was still growing steadily and multinational laboratories recruiting massively.

Then the 1994 crisis came and radically changed the Italian pharmaceutical market dynamics. As product manager for Italfarmaco at the time, I witnessed the downturn of a product that was worth Euros 30 million in 1993, and could not achieve more than Euros 1 million sales the year after, following its sudden exclusion from the reimbursement schemes.

After this very important turning point, I joined Rottapharm, the local family-owned company led by Prof. Luigi Rovati, one of the most brilliant Italian researchers- and at this stage, moving from multinationals to a smaller structure strongly impacted my future career. Indeed, both types of companies are following very different mindsets; whereas multinationals seem to grow by themselves, family-owned laboratories are more demanding towards their collaborators, asking

them to work in a much more concrete and detailed way.

This experience enabled me to acquire the professional skills required to become General Manager of Valeant. For the first time, I became fully responsible for a company- including its employees, results and legal aspects. However, as Valeant was listed on the New York Stock Exchange (NYSE), the management was fully answerable to the shareholders' demands, and could not easily focus on mid-term strategies as results had to be delivered quarterly.

Moving to Merz in 2005 provided the opportunity to take the reins of a smaller independent structure. And I eventually found in Ferring the perfect compromise between entrepreneurial spirit and multinational scope- Country Managers are free to take initiatives in the respect of the company's policy, and can easily reach the owners and top-management at the central level, to discuss mid-term strategies.

Since I joined the company, I am therefore able to concentrate on the 2011 objectives, well beyond the targets for 2009.

How do you assess the subsidiary's performance since you launched its re-organization process and what have been the main achievements so far?

Even though it is still too early to assess the company's performance since I took the reins a few months ago, it is worth mentioning that Ferring Italy has been extremely successful in the past, with a turnover that grew from Euros 5 to 50 million in little less than 10 years.

On a global scale, Ferring is increasingly looking at emerging markets such as Latin America, with high growth potential. To which extent is Italy still a priority for the group?

Being the 6th market in the world and the 4th in Europe, Italy is and will surely remain a priority for Ferring.

However, no pharmaceutical player can really expect to have a double digit-growth in Europe. Profit and sales can be maintained to the current level but, in times of cost-containment and lack of blockbusters, growth is more likely to come from emerging markets such as India and China.

Overall, Ferring has a very promising pipeline in development, with extremely good products about to be launched- including Firmagon, a new compound in the prostate cancer area.

Therefore, the Italian subsidiary is in a strong position both in terms of pipeline and balance sheet. Indeed, not so many research-based speciality companies are relying on 54 sales representatives to achieve an average turnover of Euros 50 million per year, and are ready to launch a global blockbuster.

Looking at the pipeline, Ferring seems committed to maintain its focus on its core therapeutic areas, yet exploring new ones such as osteoarthritis with the acquisition of BTG, and prostate cancer with the launch of Firmagon. How do you see the repartition between the core business lines evolving?

Ferring Italy is divided in three main business units respectively dedicated to infertility, Inflammatory Bowel Diseases (IBD) and endocrino-urology, yet all linked by the peptide research as a common denominator.

Exploiting a single research area in its various potential applications proved to be the right strategic choice. The group will therefore keep focusing on the peptide field to develop compounds fitting in the core business units- with the possibility to out-license potential discoveries in other therapeutic areas.

Considering that the Italian healthcare system is favourable to the reimbursement of Ferring's upcoming products, and that the country will soon have one of the highest life expectancies in the world together with Japan, the company's pipeline has all the chances to be very successful in the country.

Such high life expectancy surely makes Italy a strategic place to conduct clinical research. How aware is Ferring of the potential offered by the Italian environment for clinical trials?

Pure research is managed from Ferring's headquarters in Switzerland together with its International Pharma Center in Copenhagen and its new R&D centre in San Diego.

But for the very first time in the group's history, Phase III studies are now managed at the local level, in each European subsidiary. Therefore, Ferring Italy is currently working with 15 hospitals involved in the Phase III trials of Firmagon. In addition, having ongoing development activities in the country will certainly be very helpful when the time will come to negotiate prices with the authorities.

In the field of price negotiations, synergies with public institutions and the industry are still not very developed in the country. How would you describe the challenge of convincing a bureaucrat, who may play an important role in ultimately setting the reimbursement price of Ferring's products, but who may not be as informed as an industry insider?

Price negotiation is part of the game between the industry and the authorities- and one will always try to get the best price for its products while the other will definitely be keener on reducing it to the maximum extent.

But in the case of Firmagon, Ferring has a very innovative compound to offer, resulting from 15 years of research and more than Euros 500 million investments, and really able to increase the

patients' chances of survival- which is not that frequent in today's pharmaceutical market.

Therefore, Ferring has all the chances to win and can be optimistic about the outcomes of the negotiation. It will surely be a challenging process- but overall, any pharmaceutical executive and representative dreams to be part of a research company able to discover new drugs, and offer doctors a lifesaving product. It is now our turn and Ferring's teams will work hard not to lose this opportunity.

Despite the lack of governmental support, Italian biotech companies have almost tripled in number since 2001. Are there attractive Italian partnerships options in Ferring's view, as the group is betting a lot on this type of external growth, and already in-licensed a compound from the local laboratory Cosmo Pharmaceuticals?

Ferring's business development has always been managed at the central level.

But as it is becoming less easy to establish broad international and European collaborations, each subsidiary is now also requested to look for interesting opportunities at the local level.

Therefore, building on the network I developed in the Italian pharmaceutical world, Ferring Italy will surely increase its business development activities. It won't be on the agenda before mid-2009 -as the current priorities are to reinforce the organization's structure, enhance the sales force, and successfully launch Firmagon- but interesting partnerships could be established in the next three years in the IBD field, whilst waiting for the product already in-licensed from Cosmo Pharmaceuticals to be available by 2012.

Why should companies choose Ferring to co-develop or out-license their products?

Ferring's strength is to be extremely focused on specific therapeutic areas, and very committed to establish close links with its target groups- gastroenterologists, gynaecologists and, in the future, urologists. Such consistency surely puts the group as a partner of choice for laboratories developing products in these areas.

Indeed, in the case of co-development collaborations, Ferring can bring its outstanding R&D expertise.

And on the other hand, for pure marketing agreements, Ferring's leadership in its niche makes it the ideal commercial partner.

Relying on such strengths, at which level will you take the company, and what are you personal ambition for Ferring Italy in the next three to five years?

By 2010, Ferring Italy will have completed its re-organization and implemented new transparency procedures, enhancing its visibility as a serious and competitive yet open-minded scientific

company.

In addition, Firmagon will have been launched successfully, opening the way for future developments in the endocrino-urology area.

Then in five years, considering that Ferring's global objective is to double the sales by 2017, I would personally like to be in line with such goal and have increased the sales by at least 50%.

On a more personal note, what would you say is the key to succeed in the pharmaceutical industry?

In the pharmaceutical industry, the first rule is to be transparent.

This pre-requisite is especially important for Italians, as it seems hard to debunk solid clichés about our country and demonstrate that transparency is also part of our values. Therefore, most Italians have to make double efforts when working in an international environment: first demonstrate their ethical commitment, and then produce the adequate results.

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