

Interview: Izabela Zimmermann, General Director and Deputy CEO, Actavis, Poland



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The general director of Actavis Poland talks about competing in an intense generics market, and the company's potential in Poland given the country's 2012 Reimbursement Act.

The year 2012 was an important milestone for the group as Watson Pharmaceuticals Inc. acquired Actavis (EUR 4.25 billion). How was this event absorbed by Actavis Poland?

This event was well prepared and executed. However, like any acquisition, there were adjustments to make. Combining people, portfolio and distribution was not done overnight but today we are proud to have combined our efforts to create the new Actavis. Besides this transition period, of course we had to manage our business as usual and considering our results we can be proud to have done both successfully.

Interestingly, Watson decided to adapt the name Actavis to its global operations, so we managed to continue to capitalize on the strong brand of Actavis.

Alongside this acquisition, could you share with us Actavis' success story in Poland?

Actavis has been in Poland since 2004, and entered the Polish market by acquiring a small distribution company named Biovena. Since that acquisition, we have focused on growing the business organically.

Actavis is a fully active branded generic company focusing on cardiology, urology, CNS, oncology, hospital products, and since the new Reimbursement Act was implemented, we also decided to move into OTC. Diversifying our business has been a great strategy, and even though OTC is still small, it is also our fastest growing segment at Actavis Poland today. Therefore we are investing our resources and capabilities to increase our portfolio in this area.

At the moment we have 250 SKU's on the market, 80 molecules and each of our business units manage between 30 to 40 SKU's. These numbers give us credibility and the assurance that great things are still to be accomplished in Poland.

In 2012, Actavis Poland managed to increase its sales by 38,5 percent at a time where others were experiencing losses. What were the reasons behind this growth and how is 2014 for Actavis?

Both 2012 and 2013 were great years for Actavis and in 2014 we are proud to say that we are growing much faster than the market. We are the fastest growing branded generic company in the last three years. Behind this success, the support of our group has played an important role, as well as our ability to launch many new products each year. On average we have been launching 20 to 30 SKU's per year, thanks to our global pipeline. The more we provide the market with our products the better our results so this is our challenge.

Actavis has also managed to enter new therapeutic areas, ophthalmology, muscle skeletal system, and dermatology which we gained access to following Watson's acquisition of Actavis. This year we decided to enter gynecology and woman's health in Poland and surely our strong presence in these therapeutic areas all over the world will help us achieve great results locally.

How does Actavis fit in a market that is already crowded and where generic penetration is so intense (88% in volume, 65% in value)?

We believe that too many players in one market are not necessarily a bad sign. In fact it shows that we must be more clever and agile than other players to succeed. Even today, we feel that there are still many opportunities to seize in Poland. Competition makes us more alert and gives us the adrenalin and ambition to show how we can provide a better offer to our patients. Patients always benefit from a highly competitive environment as they are really able to choose the best products to meet their needs.

Nevertheless we see the company ranked 29th in the Polish pharmaceutical market (IMS ranking), do you feel this is reflecting the potential that Actavis has in Poland?

Definitely not; however it is important to reminisce our past and understand how much we have grown over the years. When I first started at Actavis we were ranked 46, so this means we have gained 17 positions and we also managed to double our revenues. Our decision to grow organically over the years has limited our expansion in a way, but given such good results, I believe this was the right decision for Actavis.

Also, the reimbursement law has been beneficial for Actavis in Poland, given our resources and capabilities as a multinational group. Our manufacturing sites which are able to achieve economies of scale in their production, with the large volumes, have enabled us to adapt our prices to patients. In 2012, several patents expired, and this gave us new opportunities to grasp.

Actavis group has recently divested its operations in Western Europe by selling earlier this year its generics products and rights to Aurobindo. What repercussions did this have on your Polish operations?

Indeed, it was an important decision taken by the group. As the western part of Europe is under economic difficulties, the group decided to reallocate their resources to emerging markets with far more better prospects of growth. Poland is one of these emerging markets which will benefit from the group's divestments. Even though there is still debate about whether Poland is an emerging market, for me, it is one.

What challenges do you see for Actavis growing in this “emerging market”?

Western Europe's price commodity situation is not favorable and our margins are being squeezed. The government needs to understand that they can reduce our margins and prices only to a certain point. In Poland we are a branded generic market and this demands intensive promotion and sales force. The day we will no longer have this combination of promotion and people, the government will face serious product availability in Poland.

And in terms of Human Resources, how has the company adapted in this period of fast growth?

Being the fastest growing company in the last three years, it is easier to attract people to our company. New candidates value ambitious companies and want to be part of our success. Every year our human resources have grown and Actavis has implemented many personal development programs to boost their career and always offer them new opportunities. We value internal promotions and proactive thinking. With our goal to always provide new additional products to the market, we are constantly looking for new people and Poland boasts from a great talent pool.

Given your performance and representation as the fastest growing pharmaceutical company in Europe, what would you like to achieve in the near future?

If we look at our generic ranking in Poland, at the beginning of the year we were ranked 11th. From that perspective it is our goal to enter the top 10 and we believe this is achievable by the end of this year. On a longer term perspective, steady growth is a must and we feel that the clear sign of our headquarters reallocating its resources to emerging markets will help us maximize our success in Poland. Our group will keep acquiring other players and this will allow us to gain new molecules and products to compete in Poland.

Our country is experiencing many changes in the healthcare system and there are still many unmet medical needs that need to be addressed. The industry is aware of this and all it needs is the support from the government to help introduce as early as possible new products to meet these needs. Patients should not have to wait to be cured, especially when companies have the right products in their pipeline and are awaiting government approval. However, we believe that better things are coming and this is encouraging.

Lastly, Poland is in a growing phase, with a strong economic performance and I believe this will help us to be part of the top five branded generic players here.

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