

# Interview: Juan López-Belmonte, CEO, Laboratorios Rovi, Spain

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Tags: [R&D](#)

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*Since PharmaBoardroom interviewed Juan López-Belmonte, CEO of Rovi, in 2008, the market has changed drastically. López-Belmonte outlines some of those changes and how Rovi has successfully adapted, having achieved significant growth during a time of economic downturn.*

**Many Spanish companies have disappeared or have been sold in recent years in response to changes. What are some of the most important lessons learned from the crisis that you would tell to other GMs?**

Since Rovi went public in 2007, the following seven years were the toughest not only for the pharmaceutical industry but the entire economic environment. Reality tells us that if things are not working, they will not change soon unless we adjust and act. Whether we like it or not, we have to work with what we have to generate revenues. Sustainability is a must in all aspects of economic life.

Spain was living in a bubble-like dream in many ways, above what the country and its economic capabilities could deliver. The recession of 2008 demonstrated across the globe that life is what you generate and what you can spend. Consequently, our adjustments have had a lasting effect on all companies. As for Rovi, we should never forget that we live for our main customer, society. We look for the well-being of people's life, and most of that is paid for by taxes from that society.

Spain's healthcare system has lost the concept of sustainability. I believe the most important assets that developed countries have today are education and healthcare, both of which can guarantee democracy and sustainability worldwide. All of society should work together to maintain these two assets, and this will be a major challenge for Spanish society and economy in the following years.

### **Have you personally evolved over the last few years as a manager?**

You learn from mistakes and their consequences. The economic crisis has changed everyone's way of thinking and behavior, and nobody takes anything for granted anymore. Reforms that were unimaginable a few years ago have been implemented. I believe that resilience is a paramount attribute for managers to have across the country and the globe. The world changes so quickly today, that managers can no longer think that their way of working will last for more than a year. While the pharmaceutical business is fairly stable and regulated, the crisis has forced managers like myself to change our ways of thinking, to restructure our companies to allow for a faster decision-making process and to be more ambitious in R&D programs.

### **How important is R&D for you overall?**

R&D is everything. No pharmaceutical company can survive without R&D being every employee's major objective. Furthermore, R&D has completely changed since we met in 2008. Back then we were talking about research in terms of incremental innovation; we were trying to deliver something to the market that could differentiate us from the rest of the market. Today, those improvements must be radical. Government, stakeholders and the population no longer accept minor improvements; you have to deliver something that truly provides an added value and benefit in terms of quality and quantity of life to the patient. In that sense, R&D has evolved in a way that is more demanding, more expensive, and more related to what the market requires.

### **Ultimately that is for the better; if government appreciates and rewards innovation over me-too products, such a mandate will ensure that only the best make it.**

Indeed, you must ensure that your R&D is very well orientated. However, I believe that truly disruptive innovation is limited to just a few companies worldwide with economic resources and capabilities to develop those products. Everything has changed in the last ten years. Most diseases are becoming chronic, populations are living longer, and the demands of that population have changed dramatically.

Furthermore, healthcare systems will have to deal with the lack of compliance of treatments in the future. Many people do not take their medications, particularly for silent health issues like cholesterol or high blood pressure, provoking higher spending at the hospital setting. This is a consequence of our lifestyle. People are not as physically active as before, they eat what they want, and of course individuals want to enjoy life regardless of health consequences, which manifest themselves later in life when a patient is rushed to the hospital for emergency treatment. Rovi invests heavily in its R&D programs in order to guarantee patient compliance. For instance we have developed our own in situ forming systems (ISM) for schizophrenia, an injection that patients take once a month. We also have pre-candidates in different phases of development, such as a quarterly injection for letrozole and a rheumatase inhibitor for the treatment of breast cancer, both in the advanced preclinical stage. These sorts of project are advantageous for us, because a company like Rovi could not take on an indication as large as Alzheimer's, for example.

### **How important are partnerships to develop R&D for Rovi's sales growth?**

They are very important. In fact, these partnerships have almost doubled our sales since 2007, from €116 million then to €219 million in 2013. This is quite important; Spain's market decreased 27 percent, or \$3.3 billion, and we have increased our business nearly 50 percent. Rovi is a story of growth, which stems from three pillars: R&D, specialty pharma and manufacturing. Rovi has been extremely active in the second category recently, and is now one of the largest specialty pharma businesses in Spain. Our flagship product, Bemiparin is a second-generation low molecular weight heparin, and is sold in 82 countries today. This product has been a huge success, and in 2015 we will launch Bemiparin in China, Brazil and South Africa.

### **What makes this Bemiparin so special?**

No market, except for the US, can afford to develop a drug alone. R&D must always be considered from an internationalized perspective. In that sense, companies tend to launch products in their country of origin, but they must also rollover their products to the mandatory major markets to make their R&D investment profitable. In that sense, Bemiparin is at a stage of international success, having experienced rapid double digit growth over the last few years. Additionally, Rovi has reinforced its product portfolio; we bought a manufacturing facility from Merck in 2009 which gave us five licenses, one of which has already been launched. Rovi has also made separate investments and has some other products to reinforce our portfolio. This kind of dynamic behavior is essential today; the market changes so rapidly, that something secure today is no longer secure in a few months .

**Looking at Rovi's global network, you have succeeded in adapting to that change. What are the key markets that you see as the best drivers for growth?**

I am still a believer in Europe. Healthcare in general is one of the major assets of developing societies and it has taken many years of hard work to get to that level, and this is evident across Europe. Of course, emerging markets like the BRICS, Mexico and Turkey will also play a major role in the future growth of the pharmaceutical industry. The problem is for these countries is determining how to maintain healthcare access while maintaining budgets.

**Rovi is also a global leader for CMO services, particularly for injectables and oral forms. How do you position Rovi as a partner of choice, especially in the face of competition from countries like India or China?**

A company like Rovi needs clarity in terms of the markets where it can be competitive, and in terms of its advantages over competitors. There is no way Rovi could compete with India or China in terms of manpower, but in terms of quality, customer service, delivery times, reliability and confidentiality, we have positioned Rovi as one of the best CMOs worldwide. For example, Rovi has one of the largest facilities for small volume parenterals in the world. This is an area where we can outdo almost any competitor. We also have a solid form facility with one of the largest capacities in Europe, manufacturing three billion tablets per year.

The strategy regarding market competition has changed dramatically in the last few years. You need a lot more planning in advance today compared to the past. That push has underlined the success of Rovi. We have ensured that we take the right decisions to maneuver in a dynamic market where we grab opportunities that do not cause damage due to market changes. This is true not only of the pharmaceutical industry, but all industries worldwide.

**What is your vision for the future?**

I am still very positive. I believe that we are a privileged industry. The pharmaceutical business is the best place to work because the quality of the industry itself is great, and because of the mission of the industry as well. You are working to generate added value to shareholders while improving the quality of life of people. Things will continue to change, as populations continue to live longer and create more costs. As such, everybody needs to be involved to ensure the healthcare system's sustainability. This will dominate the future of the industry in the years to come. Moreover, R&D must continue to adjust to the needs of society. Research times are so long that sometimes it is difficult to change to what is demanded and you continue anyway. Sometimes you find that you are outdated even before you finish R&D. In that sense we need to help the

pharmaceutical industry change the way we do things to be more sustainable. I am very optimistic regarding Rovi – we have prepared ourselves for the future, and the best is yet to come. We have increased our staff from 500 in 2007 to almost 1000 in 2014. With regard to Spain, this is a great country, and we should keep investing in this country. The best of Spain is also yet to come. We went through difficult times, but the country has done its homework, has grounds for future growth, and Spain will become a success story in the years to come.

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