Interview: Abel Vizeu Fernandes, Country Director, Kedrion Portugal



05.02.2014

Abel Vizeu Fernandes, Country Director at Kedrion Portugal discusses how national tenders for plasma-derived products opened the company up to more opportunities for growth in Portugal, as well as his own strategy to build the subsidiary from the ground up.

You were offered the opportunity to establish this affiliate in 2010. What was your initial mandate?

At that time, no stakeholder knew of the Kedrion name in Portugal. After establishing offices and hiring new people, my first goal was to establish a communication plan to sell the image of the company and the quality of its plasma-derived products to the relevant stakeholders. I visited all of the hospital stakeholders, which included not only hospital pharmacies but also physicians and other individuals with purchasing power. This business is very linked with tenders, and it is crucial to create relationships with purchasing partners and hospital administrators. In my first few months, I did this with hospitals across the entire country with the assistance of a technical director. Three years later, every Portuguese hospital knows Kedrion and has asked for proposals for our products. Additionally, I created relationships with INFARMED, various patient associations, and government stakeholders.

How has the plasma market in Portugal been affected by the crisis and hospital debts?

Portugal’s plasma market is unique. Until 2010, Octapharma was the big player in this market with about 95 percent market share in the industry’s most important products like immunoglobulin or

albumin. This was due to the organization’s strong history in Portugal. Our job, in addition to other players like Grifols or CSL, is to compete with this monopoly.

Kedrion’s strategy has been to explain to hospital pharmacies and physicians the competitiveness of the company’s products in the European context and why they should open a tender for these particular products.

In 2013, the Portuguese health authorities opened national tenders for plasma-derived products for the first time since 2008. This new tender opened a window of opportunity for all plasma companies to position proposals. Now all plasma companies can participate and the business is spread over a level playing field, drastically changing who the main players in Portugal are.

How were you able to demonstrate added value to the health authorities?

We are working with government (INFARMED) to look for plasma-derived products situation in Portugal. Plasma protein therapies have a different cos structurethan traditional pharmaceutical products. This is due to the cost of the plasmaand the complex manufacturing process.

The cost of plasma is very high and actual commercial margins are very low. There has been some improvement due to the government’s recent law enforcing public hospitals to pay for supplies within 90 days. Given the general price decrease of products over the last three years, this can be an issue for companies like Kedrion. Because of plasma’s shortages and the difficulties associated with donors and manufacturing, production costs are high.

The plasma market is experiencing some decline due to more modern products being developed. How do you adapt?

There are less new and innovative products in this market niche. However, there are improvements that are made to individual products. For example, an immunoglobulin product used intravenously may be in higher concentration, thus reducing a patient’s time in hospital significantly. Kedrion focuses intensely on the quality and safety of its products, particularly in the manufacturing process. Continuous innovation in the manufacturing processand the long and complex production bring their own unique pressures on the economics of production. This is very important when convincing local authorities about the safety and efficacy of our products.

Could Kedrion’s products be considered for the retail market in Portugal?

In Portugal, this is not the case. Some products can be bought as retail in a country like Germany, but in Portugal all these plasma products are hospital-based. This is because these products need

to be very well controlled. When a product like immunoglobulin is sent to a patient every single detail related to the patient is provided because of the stringent control environment associated with these products.

How has the shift in authority to hospital administrators in Portugal changed the way you approach hospitals?

Today, committees of hospital pharmacies have a major role in final decisions. Now, we have to work with members of committees to discuss the efficacy and pharmacoeconomic advantage of a product. Physicians have less decision-making power now because of this increased emphasis on pharmacoeconomics.

How is Kedrion's product portfolio represented in this affiliate?

Our most important products are albumin and IV immunoglobulin. These two products represent 90 percent of business in Portugal. Kedrion will start selling two products this year for liver transplants and for hemophilia A and B. Historically, Octapharma has been in charge of the hemophilia business; in 2012 Kedrion introduced its own products to Portuguese physicians, patient associations, and hospital pharmacists, highlighting our market leadership for hemophilia in several other countries like Italy, Russia or Hungary. Rare diseases are a very niche market, and you have to convince not only the authorities and pharmacies, but patient associations as well.

How could Kedrion Portugal serve as a platform to enter the PALOPS markets?

This subsidiary does not look at the PALOPS markets because of the way the organization is commercially divided. Africa and Latin America are run from Italy. Europe, Middle East and Asia are run from Austria; and North America is controlled in the US. Occasionally, we help our colleagues in Italy for countries like Angola because of the cultural connection.

What are your expectations for the next five years?

In the next five years Kedrion will become a very important player. Our current market share here is at five percent after two years of activity. With this new tender, I think the affiliate can achieve at least 20 to 25 percent of market share in the next five years. Essentially, our goal is to become one of the most important companies in this area.

What is the most important lesson to be learned from Portugal's crisis for industry and government?

In the last three years, Portugal has experienced a serious financial and socioeconomic crisis. National companies have had an opportunity to grow outside Portugal, while multinational companies have survived these times by reducing headcount and cutting promotional costs for example. All stakeholders and partners in health in Portugal are aware of this. The industry has an opportunity to rebuild the market, which has hit the bottom. As a partner in health, Kedrion has a responsibility to actively collaborate and work alongside the Health Ministry and INFARMED.

Before 2008, most companies in Portugal were experiencing double digit growth. In this post-crisis era, it is important for all industry and government to work in tandem to ameliorate the situation.

Some aspects have certainly improved, such as a 39 percent market share of generics and the restructuring of hospitals. Our Minister of Health has some solid strategies, but but when he ends his mandate, his predecessor will remove those strategies and adopt new ones. This is an unsustainable solution, and our government needs to think more in the long-term. The health budget is one of the biggest in the Portuguese government, and it is mandatory for the government to use this budget carefully, otherwise we will not have the capacity to pay new innovation products and maintain our national health system.

To read more interviews and articles on Portugal, and to download the latest free report on the country, click here.

See more interviews