

Fresenius Kabi Spain - Montse Planas, General Manager



10.11.2014

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Montse Planas was appointed as General Manager of Fresenius Kabi Spain just as the financial crisis went into a downward spin. Today she discusses the efforts the company made to respond to the crisis, and ways in which cost-cutting could be implemented in Spain.

What were some of the biggest decisions you had to make in response to the changing landscape?

At Fresenius Kabi Spain we were very lucky not to have needed to change our strategy significantly because we were already quite well diversified. Fresenius Kabi had a range of different products that were being developed throughout the recession, which started in Spain in 2007 but did not hit the pharmaceutical industry until 2009. In 2010, consumption started to fall which was difficult for us because we sell to hospitals, which were no longer using products as much as before. There were fewer patients hospitalized and fewer surgical procedures being performed.

At the same time, there was a royal decree to lower prices; first by 7.5 percent, and then up to 15 percent after ten years of the product in the market. Thus we were affected both by lower consumption and lower pricing. Yet there were ranges that were still stable. Those most affected were standard solutions and parenteral nutrition because they cater for critically ill patients who are most in need of surgery. Enteral nutrition was a pleasant surprise for us because conditions were very stable before and we were firmly positioned in the top 5 in the market. When the crisis

hit, customers began asking themselves whether they should make some changes and give opportunities to all suppliers. This is exactly what happened, and we were presented with many more opportunities than ever before. Consequently, we have grown over the past two years, which helped us balance and avoid any changes in our product portfolio.

We did, however, reorganized our sales teams in 2009 by creating new business units with a closer focus on each of their activities. As usual in business, targets and priorities change and need to be adapted to the market environment and the company's development so we felt the need to create those units. By acquiring Fenwal in 2012, we picked up an excellent and very complete portfolio in automatic blood treatment and we integrated a medical device business that was previously managed by a distributor.

Fresenius Kabi is the only company in Spain that sells products for parenteral nutrition and the medical devices to deliver them. How much of a competitive advantage has that provided the company as a big client for hospitals?

The main targets within hospitals are different. Parenteral nutrition goes to ICU, etc. whereas enteral nutrition principally goes through a hospital's nutrition department. That being said, you can offer the entire range to hospitals. But what gives us an advantage is that we are experts in clinical nutrition and can offer both parenteral and enteral nutrition products. Sometimes other companies will fight for a product, saying a patient does not need parenteral nutrition for example, and advocate for enteral nutrition instead. We say that the two are complementary, which gives the customer the feeling that we are not pushing in any one direction and that we have the patient's best interests in mind. Customers see us as real clinical nutrition specialists and therefore we are able to engage with customers and hospitals on a much more substantive scientific basis.

How has this subsidiary done so well in a country with an increasing share in generics?

There is a big difference between what Fresenius Kabi sells compared with the general generic industry in Spain. In generics we have been successful with some molecules. Generics are a special market because as fast as sales can go up, they can come down just as quickly. We have been very successful with several molecules that we launched during all these years which have given us a boost in the market. Prices are down now, but a new molecule can emerge and in generics you have to keep coming out with more. You have to have a good pipeline.

It seems to be quite a paradigm shift.

People in this business unit are focused on standard solutions as well as on generics since the market requirements and sales models are very similar. It has been an interesting shift in terms of constantly launching new products on a more frequent basis to our clients. This requires a big company to invest in these molecules and also to have strong internal operations as everybody needs to move very quickly.

You said earlier that there is a much bigger focus on individual products and more focused teams. What is the real value proposition that Fresenius Kabi offers?

Fresenius Kabi is a global healthcare company that specializes in lifesaving medicines and technologies for infusion, transfusion and clinical nutrition. Our products and services are used to help care for critically and chronically ill patients.

We are committed to putting essential medicines and technologies in the hands of people who help patients and finding the best answers to the challenge they face.

When it comes to a product level, it all depends on the range: Generics are similar and depend on price but packaging and scientific data also matters standard solutions can differentiate themselves through product design, and parenteral nutrition is different and more innovative.

Enteral nutrition is more difficult because the formulations are different. But we stand out through our specialized focus on senior patients. We cater our products to address their difficulties with mobility, dysphagia, adherence to treatment, etc. For example, we have increased the number of calories per milliliter in some of our products which allows an elderly customer who is unable to consume a lot to still get their proper dosage.

In terms of outpatient therapy, what efforts is Fresenius Kabi taking with clinical nutrition and homecare to save costs at the hospital?

Health authorities do not see homecare as a cost-cutter. In order to develop a similar homecare system to those which exist in other countries in Europe, we need to take into account that we have 17 different regions. The way enteral nutrition is dispensed is different in Catalonia and Galicia than in the rest of Spain. In Catalonia you sell to the hospital and the hospital tells you how to deliver to the home. In Galicia the patient goes to the hospital to get the products. But throughout the rest of Spain, what you sell to the hospital has a lower price; the hospital dispenses the products later and the patient leaves with a prescription. So the system is very different depending on the region. Creating a true homecare system for enteral and parenteral nutrition such as in France, Germany or the UK necessitates the full support of the authorities. This is our

challenge in the coming years.

How do your production facilities work in terms of contributions and sales for the organization? Are you exporting to certain markets?

We have in Spain one of the main plants in the Fresenius Kabi Group for standard solutions. We export to several markets and we have become a center of excellence for special technologies.

Where does Spain stand in the global manufacturing and sales picture for the whole Fresenius Kabi group?

Within the Fresenius Kabi Group, there are other big manufacturing plants elsewhere in the world that are also very specialized, so it is difficult to make a comparison.

How do you perceive the generics and medical device industry evolving over the next few years in Spain?

Medical devices and generics each have their own issues. The situation is that cost-cutting and royal decrees make business difficult. For generics in the hospital market, authorities have to make sure they do not lower prices anymore; otherwise companies will exit the market leaving only one or two suppliers which is never good for competition. It is risky even for suppliers because if one encounters delivery problems it clogs up the entire market.

The story is completely different with medical devices. Prices are going down but innovation is on the way up. We have all the room for growth with medical devices.

Looking ahead to the future, what are your ambitions for the next few years?

Being a market leader is a major aim for us. It means that you are doing something a bit better than everyone else. I would like to continue growing and always keep this company among the top three players in the market in each range. This is a very adept company in which it is easy to implement projects and react quickly to market changes. My challenge is to maintain that adeptness and quick reaction time as the company continues to grow.

You have been with this company for 17 years. What keeps you motivated and driven?

With Fresenius Kabi you do not feel like you are working for a big pharmaceutical multinational. You feel well supported and are given opportunities to do what you think you should be doing. The combination of both is very good. If there is a project you believe you should do, the company supports you and provides you with many opportunities. Personally, I cannot see myself ever

working for another company.

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