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11.05.2015

Tags: Zentiva, Romania, Generics

The GM of one of the leading generics companies on the Romanian market shares insights into why generics penetration remains underdeveloped and the importance of having an export strategy and diversified portfolio.

You have been in your current position since 2009, witnessing many changes. Can you introduce Zentiva in Romania and its commitments and investments today?

I am very proud of what we have achieved at Zentiva. We have been present in Romania for over 50 years, with a history dating from 1962, when we were known as Bucharest Pharmaceutical factory. In 2005 the local manufacturing facility was bought by Zentiva, which at the time was called Sicomed, and in 2009 Zentiva was acquired by Sanofi. We are the number one producer on the local generics markets in terms of volume, with a 16 percent market share. Our site in Bucharest is equipped with state-of-the-art technology, some of them unique on the Romanian market, such as the pellet technology. We have 600 employees, with 400 working in production and 200 in the commercial aspects of the business. Our production capacity is around two billion tablets making us the biggest producer in Romania.

Tell us about the strategic importance of Zentiva's activities in Romania, as a Czech company that knows the region very well and at the same time has Sanofi behind it in

terms of global reach.

Romania is an important market, the second country in the CEE in terms of population behind Poland, and the third largest pharmaceutical market. The fact that Zentiva has a factory in Romania makes us an important base for the company in terms of its worldwide activities. The Bucharest facility is one of the eight facilities that the company has around the world, and we are the preferred option when it comes to producing new generic molecules. Zentiva is recognized as being of European quality but at an affordable price, with an extremely efficient industrial system. In 2014 we exported more than 20 million units, representing as much as 40 percent of our local production. This process is helped by our association with the Sanofi group, which provides us with a successful template across all European markets.

Talk us through your product portfolio, your therapeutic range, and how this corresponds with Romania's shifting epidemiology profile?

We have a large portfolio covering a wide range of therapeutic areas, including cardiovascular, oncology and neurology. We manufacture our products locally, and have done so for many years, allowing us to gain the trust of the Romanian patient. Algocalmin* is the number one product on the Romanian market in terms of units, is produced locally, and has been voted nine times in a row as the most trusted drug in the country, something we are very proud of. Besides such locally produced drugs, we import international brands such as Trombex* and Rosucard*, another strong point for the company. What is most important is that we offer high quality generics at an affordable price, something that we are able to accomplish in large part due to our local facility. 83 percent of our generic offer in Romania is produced locally, allowing us the flexibility to adapt to the demands of our clients. Unfortunately the importance of local production is not adequately recognised by the authorities.

We continuously invest in our product range and only recently introduced pellets technology, on to the Romanian market. In the period 2010-2014 we invested more than EUR 14.5 million and we are still planning to invest more than EUR seven million in the next few years. Every year we launch four to five new generics, ensuring we have a diverse portfolio covering the needs of the population.

What importance does Zentiva attach to its export orientation?

Such a policy is a strategic focus for us: we export to many European companies, with Germany being one of our biggest markets. We aim to increase the percentage of our production exported from 40 to 50 percent within the next few years.

Our focus on exports has been particularly useful at a time when the Romanian market has been undergoing some uncertainty, in particular with the issues related to the clawback tax. The very positive growth we have witnessed as a company these last few years has been due to the success of our exports policy.

How would you like to see the clawback tax reformed?

In its current form the tax is not fair; it is unpredictable and therefore we are unable to foresee with confidence what the future will bring. Generics are on average 65 percent cheaper than patented drugs and yet we pay the same fees. We have explained on numerous occasions to the authorities how at this level the tax is not sustainable, but so far we have been unsuccessful in persuading the government.

We have heard that the authorities often see investing in healthcare as an expense rather than an investment in the country´s future. Do you agree with such an assessment?

Indeed, the authorities do not see healthcare spending as an investment, something which is unfortunate given that I believe health is a precondition for prosperity. If one wants to have a prosperous country, one must invest in health and not consider such expenditure as more than just a cost.

Do you see scope for further interaction with the government in terms of supporting local production?

We meet regularly with the authorities through the local associations, The Association of Generic Medicine Producers from Romania (APMGR). While the government is open to discussion, we have yet to witness any improvement in terms of actions on the ground.

Zentiva is renowned for retaining skilled human capital. Is it easy to attract such expertise?

It is not easy, retaining the best human capital is something to which we attach a great deal of importance. We are very proud of the high quality of our employees across our industrial and commercial teams. We invest heavily in the training of our people, we have staff who have been working for Zentiva plant for over 40 years.

We run two internship programs in the industrial affairs area, Zentiva Express and Zentiva University, the former aimed at recent graduates and the latter being for students, doing so in collaboration with faculties of Pharmacy. Both programs have a very high percentage in retaining such excellent young talent.

Romania does have a competitive advantage having a highly skilled workforce at a relatively low cost, in comparison with other countries in the region. Yet last year was a tough one for the Romanian pharma sector, and in particular for generics, with some companies being forced to lay people off, but we managed to avoid it thanks to our strategic direction of consolidating and increasing the export activity.

What are your strategies going forward? Do you see potential for generics to penetrate the Romania market further?

We want to consolidate our number one presence on the market and continue with our export strategy, increasing the volume exported.

Generics currently have around 44 market share of the local pharma market, and only 24 percent in terms of value. Instead of the generics penetration increasing, what we see is that it has been decreasing these last few years, something very unusual on a market such as ours, with many unmet needs, where generics can provide a cheaper alternative to innovative drugs, without compromising on the quality. While the authorities claim it is part of their strategy to increase the consumption of these drugs in Romania, generics have smaller margins and yet are paying the same level of claw back tax, which has seen numerous molecules disappear from the market. This legislation puts generics at a considerable disadvantage.

And finally, if we were to return to Romania in five years to produce another country report, what will have changed?

On average Romanians live eight years less than the average European. In five years I hope that this will no longer be the case, with the Ministry of Health pursuing a holistic approach, with a long-term vision and strategy for healthcare.

**Prescription drugs*

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