Interview: Mark Dekker – Country Manager, Astellas Romania

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The country manager of a Japanese speciality pharma firm sheds light on his preparations for an eventual opening up of the national reimbursement list and speaks out about how Romania is fast becoming an outlier for organ transplants.

How do you evaluate your tenure as country manager of Astellas Romania to date?

It has been a very eventful first three years in charge. The Romanian market is never boring and is actually a good sort of place for young general managers because you need to have the energy and flexibility to adapt to the inherent unpredictability of what is going on. Despite fairly onerous regulatory pressures, Astellas has been reporting considerable turnover growth and profitability by international standards. We've been growing our sales and presence even with older products that are gradually maturing and have long been genericized. That is very much part and parcel of the game when there are formidable barriers to introducing new innovations, but we have been setting about that task with great spirit and dynamism and have the results to show for it. All in all, I am very satisfied with our progress so far.

What then have been your main priorities?

Our core priorities have been two-fold. We remain steadfast in our commitment to bringing new solutions to this market despite a bottleneck that has lasted a record time. This is because we never lose sight of the requirements of the Romanian patient and will always do our upmost to ensure that those in need get the quality of treatment that they deserve. This means readying our portfolio and positioning ourselves for the long awaited time when the reimbursement list receives an overhaul and new molecules are finally incorporated. When that moment eventually arrives it will be vital to take full use of that opportunity so much thought and preparation goes into maintaining a permanent state of readiness.

Secondly, we have to focus our energies on product lifecycle management so as to make the very most of those therapies we have managed to launch on the market in former years. We’re talking about a very exhilarated product lifecycle because of the topsy turvy market conditions in Romania that are quite distinct from anywhere else in the CEE. As managers, we have to make products perform that on a normalized market you might even be thinking about phasing out. This entails adapting to very different rules of the game and having the creativity to seek out unconventional opportunities and product extensions.

Ultimately you have a vast market out there with growing unmet needs so even the older therapies remain attractive and thus can be profitable if optimized and smartly managed. The key differentiator between pharma companies thus becomes not only the product itself, but also the quality of your team and the versatility of that team’s ideas. It all boils down to efficiency of process, product selection, smart allocation and intelligently targeted sales.

What are your most performing product lines?

Astellas this year celebrates its 10th anniversary having established prominence in four main categories. Let’s not forget that Yamanouchi had been on the local market since the 1990s demonstrating great leadership in urology prior to the merger with Fujisawa and the ensuing creation of Astellas as a new entity. For its part, Fujisawa was able to bring to the table an enduring legacy in transplantation and related immunosuppression. By virtue of its parentage, Astellas was introduced to the Romanian market with deep-seated roots already in place. In line with the company’s global business development strategy we have also been building a new franchise in oncology, specifically targeting prostate cancer at first but backed up by a promising broader pipeline . A strong offering of innovative therapies in anti-infectives rounds off the portfolio.

For these latter two therapeutic areas, the sluggishness in updating the reimbursement list proves to be quite a handicap. We have an absolutely groundbreaking therapy for prostate cancer that we can’t wait to introduce. Then we also have some legacy products in dermatology and pain management that are of diminishing strategic importance to the company and its growth prospects .

Astellas has long embraced a global strategy called “Vision 2015” with a view to rendering the company a worldwide leader in specific “high-demand” therapeutic areas. We are now in 2015, so to what extent can this initiative be considered a success? And how has it affected Astellas’ Romanian operations?

On a European level, the vision was undoubtedly a huge success. One of the keystones entailed embracing global category leadership and we are clearly there or well on the way to getting there for the areas I mentioned: urology, transplantation , anti-infectives and oncology.

Financially speaking, the numbers speak for themselves. Vision 2015’s turnover target for Astellas’ European-wide operations was 2 billion euros and last year we actually surpassed that figure one year early, so well ahead of schedule.

On becoming country manager, I very much aligned with the key tenets of “vision 2015” and leveraged it to orientate our local decision-making. Thus we followed a pattern of transitioning away from legacy products and instead increasing the pace of our work in the prostate cancer, transplantation and urology domains.

Romania is surprisingly seen as an outlier for transplantation. How did this come about?

You’re absolutely right. Last year, Romania enjoyed the biggest rise in numbers of transplants of any European country. This is a very satisfying area of treatment to be involved in because you can really witness the absolute gains in the livelihoods of the patients. Only a few years ago Romania ranked very lowly on all the metrics whether those concerning numbers of donors or rate of transplant conducted. Then, a couple of years ago, a total step change in behavior occurred with all the different stakeholders becoming much more engaged. Realistically, Romania still ranks a long way behind many countries such as Spain or Croatia where such operations are much more routine, but the progress that has been made is laudable. Retention of organs is becoming much more systematized and those few centres that perform transplants have been working at close to full capacity.

As a good example of increased awareness, much attention was raised when a television presenter and journalist from one of the country’s most powerful media groups required a transplant and that sparked a massive publicity and awareness raising campaign that contributed to a shift of gears. Behind the scenes, the national transplant agency has been an influential actor and the state has committed a decent level of funding. The government has also been visibly supportive by establishing a dedicated point of contact and coordinator for transplantation and organs within the intensive care units of many of the public hospitals. Numbers of organs being harvested have therefore risen dramatically with some smaller hospitals quick to get in on the act incentivized by the promise of new revenue streams. Even though there is still much more improvement to be pursued, this is, in a sense, a showcase example of what the Romanian healthcare sector is capable of achieving when all stakeholders have the real will to change and put their minds to it.

In view of such success stories, how broadly attractive do you consider the Romanian market to be?

So far the market has been moderately attractive in that it is incontestably growing. Much of that growth is admittedly coming from the OTC segment rather than from innovation in the pure sense, but the many of the market fundamentals that would ordinarily attract investors are present. Over the long term this market will surely right itself and there will be great gains to be made.

The short-term disruptions make matters complicated however. After 7 years without real modifications to the reimbursement list, we are facing a prospect of being locked out of products that make it easily onto the Bulgarian and Serbian markets. At the moment you could best describe this as a semi-emerging market with room for branded generics so everyone is forced to make the best of what you have. There is much talk of introducing scientifically based healthcare technology assessment mechanisms and cost-volume agreements which is something that we would welcome because our products are of sufficient quality to hold their own against any competition.

Many of these new concepts the government is endeavoring to introduce make sense on their own merits. Health Technology Assessment (HTA) is fine way of assessing the ways science and technology are optimally deployed in healthcare and disease prevention covering medical, social, economic, and ethical issues. Cost-volume agreements are also widely used to great effect in other markets and even claw-back mechanisms for certain very specific scenarios. The problem is that there is no overall comprehensive and holistic package. There’s a lack of joined-up thinking with each new concept tagged on top of one another in a piecemeal way and that can unfortunately produce unwanted by-products. Anyhow, the fundamental underlying weakness is that healthcare funding is at 4% of GDP one of the lowest in Europe, and none of the concepts will be able to overcome this underfunding however well applied. The end combination risks producing an overall impact detrimental to national healthcare and the pharmaceutical industry as a whole.

On a more positive note, Astellas’ Romanian office is a respected and valued member of the South East European (SEE) region which also comprises the former Yugoslavia and Bulgaria. We are the biggest contributor to that region and so far have provided critical mass accounting for over 50% of the turnover. The conditions exist for economies of scale and that is of high strategic importance.

Some of the other countries also feel the direct influence of the Romanian market as a result of the parallel market.

Having held different finance positions and pursued a predominantly finance-orientated career within pharmaceutical companies prior to assuming the role of country manager, this background is surely an advantage when needing to navigate such a complex market as the one you are describing?

Having that sort of career background certainly brings its benefits and allows me to apply a common-sense vision of the numbers and bottom-line. Given the market distortions at play, you don’t necessary want to be too fixated on only growing market share. Instead you need be more attuned to identifying the areas where you can make a difference and generate a profit. You need to be able to critically analyze your product portfolio and determine where you can deliver the sorts of returns that will tide you over in the short term and enable you to ride out the market volatility while still remaining on top in your particular categories. Slight realignments in-terms of resource allocation produce some good results if you know what to look for.

How do you differentiate yourselves from the competition?

Although you perhaps wouldn’t necessarily think it from the name, Astellas, we are a Japanese firm at heart and that gives us a competitive edge in some respects. Some aspects of that very rigorous and disciplined Japanese mentality trickle down. We have built up a reputation for being scientific, sincere and attentive to details which are all traditional Japanese traits and characteristics. We don’t aspire to be the leader everywhere, but in those categories in which we are active we want nothing else than category leadership. In those areas, we seek to provide true leadership, innovation and dominance.

We have small team of 35 people who are highly educated, dedicated and agile. The fact that we can move fast and adapt to whatever conditions the market throws at us is essential and is the perhaps the crowning secret of our success.

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