Interview: Anna Maria Porrini – President, Boehringer Ingelheim Italy



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Dr. Anna Maria Porrini, President of Boehringer Ingelheim Italy shares her vision for the company, how she intends to achieve it and where she sees opportunities for the company's success in the market.

Dr. Porrini, since we last spoke in 2009, Boehringer Ingelheim Italy has weathered the crisis and emerged strongly. How would you describe Italy's strategic importance in Boehringer Ingelheim's European operations?

We are a large market for Boehringer Ingelheim, and one of the top five for the group in Europe. From a sales perspective then we are quite strategic. But the group's presence in the country does not end with Boehringer Ingelheim SPA, the commercial arm. We also have manufacturing and research facilities in Italy. For production we have Bidachem SPA, which manufactures APIs and plays an important role in the provision of our innovative drugs. It is considered a strategic production site by the Boehringer Ingelheim group and as such we invested 70 million euros in the plant back in the past 5 years, and continue to invest around 10 million euros each year in order to keep the facility up to date. Our research facility employs 38 researchers working hard to develop new chemical entities. The center has been very productive in terms of new molecules reaching the pre-development stage, with 14 new chemical entities reaching this milestone in the last 5 years. All of this makes Italy a very important country in the eyes of the group.

Finally, for Boehringer Ingelheim SPA, we also play an important role in the clinical research area, in the therapeutic areas which we are involved in. These are cardio-metabolic, oncology, immunology, respiratory and CNS, and we are running trials in all of these areas, again adding further to the value we create for the group.

The company's primary areas of activity are broken down into three main divisions: Prescription Medicines and Hospital, Well-being and Self-Medication, and the Veterinary division. How are these represented in Boehringer's Italian operations?

The prescription medicine drugs account for around 75 percent of our turnover, which was a little over 300 million euros at the end of year. The remaining is divided between Consumer Healthcare and Veterinary at 20 percent and 5 percent of turnover respectively. Prescription medicines is our main business, however the fact that the others play a smaller role in terms of turnover does not mean that they are not significant to our operations. The OTC medication sector is very important for us, as we have a long tradition of excellence in these drugs in Italy and they have a high level of recognition here.

Is the company able to gain an advantage through finding synergies between its Self-Medication and Prescription Medicines divisions or do they operate autonomously from each other?

This is a good question, because although they are indeed quite different, the two division fall under the same organization and so we are actively working to extract value from synergies between the two. First, because there is an entire chain between the company and the patients including doctors and pharmacists. Especially in the case of pharmacists we have found many areas where synergies can play a role. Professionals know our products well, some of which have been on the market for decades, resulting in significant loyalty towards our brand and this can carry across our divisions. Besides those direct effects we also have common business functions such as finance, communication and HR which work transversally across the segments. In this way we try to maximize the opportunities afforded by identifying synergies between Consumer Health and Prescription Medicines especially.

Globally, prescription medicines still account for the vast majority of Boehringer's turnover. Where among your current prescription medication portfolio are you seeing the most growth in Italy?

This depends of course on the therapeutic area, for example generally speaking our fastest growing sector is prescription medicines. Specifically, our newer products in diabetes are bringing

benefits to many patients, and we are hopeful that they will continue to do so for the foreseeable future as there is clear demand in the market.

We are hearing from many of your colleagues that the current government, and especially the Minister of Health, Beatrice Lorenzin, has understood the benefits a strong pharmaceutical sector can bring the country. How would you describe the industry's relationship with the government?

They have definitely recognized the value of our sector. It should be understood that in Italy, a fixed part of the national health fund is allocated to the pharmaceutical sector. We are seeing that today, especially with regards to the hospital sector, overspending is rampant. This overspending is repaid for 50% by pharmaceutical companies which means that every year, you need to repay a significant part of your earnings. That has a sharp downwards effect on our performance, and penalizes the pharmaceutical industry. I can understand the reason that the government is trying to contain costs and bring health expenditure under control, but this mechanism where we pay for part of the expenditure naturally makes us think long and hard about continuing to invest here. If we have to repay a certain amount of money, that means that we cannot use that money to invest here. This is quickly becoming a vicious cycle, which we feel must be broken soon.

Boehringer Ingelheim recently announced it was investing 11 billion euros into R&D over the next five years, emphasizing its commitment to bringing innovative therapies to the market. Having worked for long-standing innovators such as Roche, Abbot and Lundbeck, how would you rate the business environment for innovators in Italy?

We are present in Italy in two ways in terms of R&D. On the one hand in molecular and peptide research, for which we are one of the few companies which still has R&D sites in Italy. Unfortunately, other companies have had to close their sites, but we are still investing and have high-level scientists working for us, conducting research. For us this means: investment in the country, having employees working for us contributing to science. What is important to us in that regard is to keep the incentives for research intact. Tax credits and other such measures are vital for us to continue to be able to invest in our research structure here.

We are also involved in clinical research. We conduct clinical trials from phase one to four, and our clinical research unit in the country is involved in many of the company's more important drug trials. In all then we are an important country for Boehringer Ingelheim in terms of clinical research as the standard of quality here is very high. Besides that, from an external perspective, being a company which continues to invest here also gives us an appreciation from the scientific

community.

Moving forward, what are the strategies you are looking to implement, and where do you see Boehringer Ingelheim Italy in the next three to five years?

I see a sustainable, growing company which is still investing in the country in terms of research and production. I see us as a country where we produce the more innovative products in Boehringer Ingelheim’s portfolio, and perform research for the development of new innovative products, while putting the patient at the center with as main goal to bring effective treatment to the Italian people.

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