

Interview: Paolo Cionini - General Manager, LEO Pharma Italy



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Paolo Cionini, General Manager of LEO Pharma Italy, discusses the initial challenges of setting up the Italian affiliate during the height of the global financial crisis in 2011, the company's management culture, their emphasis on patient-centricity and holistic patient care, as well as the importance of maintaining a good relationship with the regulatory authorities.

Mr. Cionini, to start off, you founded the Italian affiliate in 2011, entering a mature market at a time of crisis. What was the motivation behind this bold decision?

Fundamentally, the decision was driven by our global strategy and ambition. In 2009, we saw our new CEO implement a new strategy that was centered around patient-centricity, and this affected the company's organization and focus completely. In 2011, LEO was already present in Italy through two distributors but the patient population had grown to the point where an affiliate presence became necessary to maintain this focus on patient-centricity.

Setting up the company during the height of the global financial crisis was very difficult, and we felt its impact on all our operations. We saw daily layoffs in the industry as well as liquidity and cash flow issues, because companies were having difficulty obtaining funding from banks. The political instability throughout this period exacerbated the problem. A lot of strategy, vision, conviction and motivation were required from the Italy team in 2011.

With hindsight, I would say the bad environment may have been a blessing in disguise as it strengthened our resolve and pushed us to get the fundamentals of the Italian affiliate right, as there was no room for error.

Italy was not the only new market that LEO entered during the crisis, we also ventured into other difficult markets like Poland, Russia, Brazil, China and the US. Overall, it was a period for us where LEO was exposed to many challenges in many different countries, and managed to largely overcome them.

What made you personally decide to take the position given the difficult environment?

When I was offered the position, I had in fact left Big Pharma to start my own business. I was initially completely uninterested in the position. But the person inviting me to join was convinced I was the perfect candidate – and we knew each other very well, so he made a very strong case and convinced me to let him set up a meeting with the then Head of New Markets Europe of LEO Pharma and the CEO at the time.

I was very impressed by the CEO as well as the company culture. Patient-centricity was genuinely at the core of the company. On a management level, I was pleasantly surprised at the level of autonomy they gave their affiliates. My experience up to that point had mainly been with Italian and American companies, which tended to be very centralized, so this made a huge impression. At LEO, there is a very strong culture of empowerment of the people, which in turns generates responsibility and accountability. This does work, and I think this is what generates the motivation and team spirit needed for LEO to have successfully broken into tough foreign markets during the crisis.

This was what motivated me to start an adventure with LEO despite the extremely difficult environment and the challenge of setting up a completely new affiliate.

I understand psoriasis historically represents LEO Pharma's greatest growth driver but there have been recent portfolio changes, for instance, LEO Pharma's intention to acquire Astellas' global dermatological portfolio, expected to close in 2016. What is LEO Pharma's overall growth strategy for the future?

Our growth has mainly been organic, building on our existing patient solutions. Our products are always leaders in the relevant therapeutic areas and we have a historical record of excellence in the research and development of new products, conducted by our team of six hundred researchers in Copenhagen. In terms of specific growth drivers, the psoriasis specialty area has historically

been the main source of growth and we expect this to continue, but we are indeed also developing a great pipeline for acne and atopic dermatitis.

Our long-term ambition is to become the leading dermatological company and for this, organic growth is insufficient. We need to expand our business through external growth. This ongoing acquisition is an example of this, and it represents one aspect of our overall global partnership strategy in order to become the leading dermatological company for all healthcare stakeholders.

Dermatological conditions are often highly sensitive issues for patients to discuss because they have strong psychological and social implications. How has LEO Pharma worked to raise awareness around skin conditions and help patients seek out treatment?

It can be very easy for a company to become a leader in a therapeutic area without actually completely meeting patient needs. For us, the mere fact that our products are leading the market is insufficient, we want to improve our patients' quality of life as much as possible, so raising awareness and dealing with the socio-psychological effects are crucial activities.

To illustrate, in Italy alone, there are two million people suffering from psoriasis alone, and half of them are untreated. A quarter of the treated are not well-treated, and half of the well-treated are not happy with their treatment. There is still a lot more that can be – and needs to be – done. One million untreated patients are still searching for information on their condition, with great difficulty. For instance, if one searches for key terms like 'psoriasis' on Google Italy, many of the first results found are simply product advertisements that may not be properly regulated. It can be very difficult for patients to find unbiased information about their conditions.

This is why, a year and a half ago, LEO Pharma decided to set up a web platform called 'QualityCare™' to serve as a one-stop portal for patients suffering from psoriasis. We wanted to reach patients most effectively, which is why we chose the internet as the medium. This platform provides information and services dedicated to patients, and it is fully focused on education, personalized services and online counseling, not commercialization or advertisement. There is no discussion of products on this website at all and no ulterior motive to it. We launched this in Italy last week and we hope that this will genuinely improve patients' understanding of their conditions.

Fundamentally, we are driven by the mission to obtain a comprehensive understanding of dermatological conditions and the patients who suffer from them, and to deliver a holistic solution that genuinely improves their lives.

For innovators in Italy, and especially newer companies looking to introduce many products to the market quickly, product registration and reimbursement can be challenging. How have you developed an effective market-access strategy to counter this?

Market access, especially product reimbursement, is a persistent issue in Italy, but it is important to understand the full context. Italy has the third-most efficient healthcare system in the world, which is a huge achievement – that comes with a price tag. In providing free access to full healthcare services, we have taken on an admirable but challenging duty and it is an important duty.

As a pharmaceutical company, we should not be fighting against this system. The biggest mistake made by our industry has been to view the healthcare system and the regulatory authorities as the enemy, and a similar attitude has been present in the public sector as well. This is problematic and not conducive to the development of a good relationship between the two, but I am very happy to say that this culture is slowly changing for the better.

At LEO Pharma, we are conscious that we need to establish a partnership with the public sector and to find common ground, in order to maintain the sustainability of the healthcare system. It is not simply a matter of compromising on drug prices, but rather an overall adjustment in attitude.

We need to start by putting ourselves in the position of the regulatory authorities. For instance, there are two million psoriasis patients in Italy, and currently only half are treated. We need to understand the impact on the healthcare system if all of them gain access to treatment and anticipate budget constraints accordingly.

This is complicated by the fact that different regulatory authorities have different budgets and concerns. For instance, the Agenzia Italiana del Farmaco (AIFA; the Italian Medicines Agency) is only responsible for pharma products, so they focus on drug prices. But there are interactions between all elements of the healthcare system, for instance, an efficient drug may lower hospitalization costs, and this needs to be taken into account in the drug pricing and reimbursement process. That said, Mr. Luca Pani, the Director-General of AIFA, has done a good job in attempting to break down the gap between the various silos and in facilitating discussion on this issue.

The challenge of balancing innovation and value with budget and sustainability is a complex and difficult one but all stakeholders need to work together if there is to be any hope of finding a solution.

Since its establishment in 2012, LEO's Italian affiliate has grown strongly in the market.

What is your vision for LEO Pharma Italy's future growth?

Our core belief is that if we take care of our patients, our business will take care of itself. LEO Pharma's patient-centricity and R&D investment are ingredients for success and together, they generate new products that really cater to patient needs. To give a few concrete examples, we have some new patient-centric therapies like the Daivobet® applicator, which is good for patients suffering from scalp psoriasis, and Enstilar®, which is a foam treatment for mild-moderate body psoriasis that is much effective and easier to use than current treatments.

We also plan to expand into other dermatological areas like acne and atopic dermatitis, for instance. If we use the same approach that has brought us success so far – R&D investment and patient-centricity – I see no other possibility for our future besides success. Personally, I am confident I made the right choice to join LEO Pharma in 2011 and I have high hopes for the future growth of the company.

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