Interview: Dr. Giorgio Pisani – President & CEO, IBSA Italy



23.12.2015

Tags: Pharma, Pharmaceuticals, IBSA, Italy, Dr. Giorgio Pisani, M&A, Mergers and Acquisitions, Interview, Insight

Dr. Giorgio Pisani, President and CEO of IBSA Italy, talks about his founding of the company in 2001 and its rapid growth in the market through a combination of organic growth and acquisitions, as well as the current direction of the IBSA group and his ambitions for the company in Italy over the next two years.

Dr. Pisani, you have had quite a varied career within the pharmaceutical industry. Could you start off by giving our readers a quick introduction to yourself, and how you came to found the company in 2001?

I started in the pharmaceutical field in 1971 as a sales representative in the Italian market. After a few years I became managing director for SPA, where I stayed until 1994, when I changed to Italfarmaco as their CEO. Then in 1997 I became president for Dompé International in Monte Carlo. I stayed here for two years, introducing the Dompé brand at an international level.

In 2001, I decided to start my own company, Gelfipharma, together with a financial partner of mine. We purchased the old production facilities of Schwarz, and began our manufacturing of pharmaceutical products here, mostly in vials, and eventually trying to introduce soft-gel technology as well. We chose a focus on soft-gel as this was a traditional technology in Lodi, the city where we are still located today, and which in the past was a primary location for the Scherer

group, the leaders for soft-gel at the time, and so it was a natural choice for us. A lot of people from Scherer also came to Gelfipharma, so we tried to introduce these products in the nutraceutical market, which would be our first step. This went well for around two years, until we received numerous requests from the Italian regulatory agency AIFA, which required significant capital investments to fulfill. My partner left as a result of this, together with his financial backing, leaving me to find a new investor. As I knew the owner of IBSA, he accepted the purchase of the shares which had become available, and that has led us to where we stand today. In 2002, Gelfipharma registered a turnover of 8 million euro and counted 32 people. Today, our consolidated revenue is 160 million, and we employ 500 people in the Italian company.

To get here we acquired Bouty in 2010 in order to gain entry to their pharmacy distribution channels. Today I would say we have a complete distribution system at all three levels: prescription, pharmacies and GDO. This will be crucial in the future, because it enables us to manage our products throughout their entire lifetime. The healthcare system is in a difficult predicament financially speaking, and with this business model we can contribute to the system by gradually reducing the price of our products throughout their lifetime.

Could you elaborate on your strategic decision to acquire Bouty in 2010?

Bouty was a public company, who’s share was at a very good level for us when we acquired it. Our strategic reason was to gain access to the pharmacies. With Flector and other such products arriving last year, it was crucial that we develop a very strong connection with this channel. Bouty gave us immediate access to ten thousand pharmacies, and that made it possible for us to introduce our products immediately. When we took over the sale of our own products, which had been marketed under third parties before the acquisition, we were able to grow their sales significantly despite having fewer resources at our disposal than those third parties.

Finally, the oral dissolving film technology and the technology for transdermal products was important, not only for Flector, which we are producing in the south of Italy but also Voltadol which we are producing close to Milan, where we can cover the same percentage of the Italian market. With this kind of technology, we can now start new operations developing pain products such as novel products for the long-term treatment of oncology patients. We are now creating opportunities to introduce several new products over the course of the next twenty years, and this is important because only IBSA has this technology.

What made the IBSA group interesting to you as a partner?

For me the group is very interesting, because we have a very short decision-making process, which lets us react to developing situations very quickly and take concrete actions. This has let us take advantage of a number of very promising opportunities which would have otherwise passed us by. Of course the downside could be that we make the wrong decision due to insufficient deliberation, but so far this has not been the case. I see us as having a clear focus, and a strong role to play in the group.

What does IBSA's product portfolio in Italy look like today?

We have started with the registration of the group's products in Italy, we have the patch technology, which is the main reason we bought Bouty. Besides this we also produce Flector for ourselves and Voltadol for Novartis, and we also have fertility-enhancing treatments which are manufactured in China included in our product range.

How does Italy fit into the IBSA group?

The first market for IBSA used to be France, today it has become Italy. This is because the French market has become less lucrative with price reductions and other cost-cutting measures. At the same time Italy has been outperforming expectations, achieving consistently good results and continuing to grow strongly in the market. In fact, we believe we can reach 200 million euros in two years. As part of this, one of the main objectives I have for the group is to introduce two to three products every year over the next few years. This is possible because we do not have the traditional approach to research, instead our products are enhancements of generics. We innovate in production technology and delivery systems for example. Besides this we are also open to the outsourcing of research to universities and start-ups with promising projects such as online sales. Because of this we will be able to continuously introduce new products on the market.

How much of this research takes place here in Italy?

We do have R&D in Italy, but besides this we also have our main corporate R&D in Lugano. We have a total of 100 people working on research. Our focus in Italy is on close ties with the main universities here, where we can work together on projects which are close to our philosophy. This allows us to know about sixty to seventy percent of the research being conducted in the fields in which we are active, making it possible for us to get involved early on in any that are of particular interest to the group.

If you had to define the philosophy of the IBSA group, what would that be?

The philosophy of the IBSA group is to introduce to the market those products which our patients need most. We have very easy, simple products, but they have a very strong efficacy of treatment. The idea is that consumers would use our product because it is qualitatively higher than the alternatives. Not in the ingredient however, because that is well known. Instead, our product is easier to use. So our competitive advantage lies in the fact that patients will be happier using our products as it is more considerate of their needs and more effective in its delivery.

For example, Flector was the first transdermal use of diclofenac, and was also registered in the United States and distributed by Pfizer. This came from our researchers in Lugano, and it is not a big change, but it is one which is in demand. So these are small, but smart innovations which make a large difference to patients. In this sense it is a completely different sort of innovation, not necessarily revolutionary from the scientific perspective, but instead it is revolutionary from the patients' perspective.

Can you give us an idea how the company's different therapeutic segments are represented in your turnover? What are your main growth drivers?

Our main source of profit is coming from aesthetic medicine as the price is very high. For me this is a very exciting segment as the global market is growing at an extraordinary rate, especially the Russian market for example. In Italy we do not have strong research in this field at an academic level however, where it is easier to find molecular research.

So far the leading product is still hyaluronic acid. We have a plant in the south of Italy which works on the fermentation of this acid. This is another investment which has the potential for becoming a global project. We started from intra-articular status, and we arrived at the same compound with the same syringe but with a different indication. With this kind of innovation, we have introduced, through the University of Naples, new compounds such as high- and low molecular weight where it is possible, by reducing the viscosity, to introduce between seventy and eighty milligrams of hyaluronic acid, which is three times the amount you could introduce with the traditional injection forms. This is very interesting for us, as it makes the treatment far more efficient.

What are your main growth drivers going to be as you strive to reach two hundred million in revenue?

I believe there are two or three products arriving in the fertility segment which are very promising, and will aid us significantly in reaching that target. Products are also arriving which are new formulation of existing products such as Flector, which will contribute as well. It is an exciting time for us because we started with our sales force in 2011, and today we have 100 reps dealing only

with specialized products. This focus will let us continue to build up our business here organically and achieve strong growth for the foreseeable future.

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