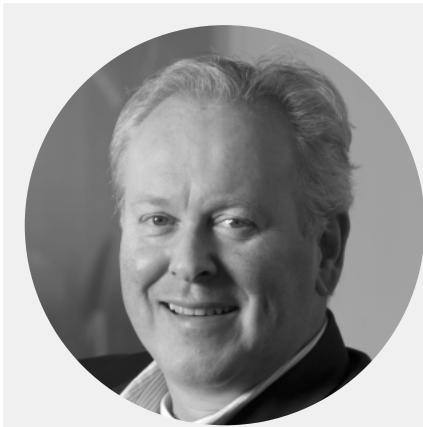


# Interview: Hennie Henrichs - General Manager Benelux & Nordics, Teva, The Netherlands

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*Teva Benelux and Nordics' GM lifts the lid on how the company has grown to become the market leader in the Netherlands.*

**Looking at Teva's activities, your market leader position in the Netherlands and your global ambitions, a truly ambitious culture emanates from TEVA's achievements. Where does this drive come from?**

Looking back at our company's history, Teva has grown tremendously through the 20<sup>th</sup> century thanks to strategic acquisitions all over the world. However, in 1988, Teva made a strategic move and started to develop branded products - while previously its focus had been primarily on generics. It was a truly pioneering decision, because at this time we were the only generics company that decided to diversify its offering into specialty treatments. Considering the current situation of Teva 28 years later, the legacy of this decision is that the company is now really a hybrid organization, with 48% of our global revenues coming from generics and 42% from specialty products in 2015. We are convinced that the combination of generics and branded products is the perfect strategy to achieve a global leadership position.

Nevertheless, we do not rest on our laurels and are extremely attentive to the important trends that occur in our industry. In the future, I expect pharmaceutical companies will increasingly look to

have a larger healthcare impact on patients. To fulfill our global ambitions we are moving beyond the traditional view of “a patient” to the individual, looking at the entire eco-system as a joined-up network that includes patients, their care partners, physicians, payers and providers. It’s about finding new ways to understand “the unmet need” in the context of someone’s life. Our ambition is to go beyond the traditional so for instance diagnostics, treatment, recovery and prevention. In a mid-term perspective, restricting our activities to the sale of pharmaceutical products will not suffice anymore. Teva pays a great amount of attention to this industry trend.

### **What options are you envisioning for this new strategic positioning?**

At a global corporate level, Teva is already looking at designing a “beyond-the-pill” solution that we will launch in the upcoming years. For defining this strategic positioning, we called upon the expertise of our general managers. The broad idea behind this new strategy is that treatments will be delivered to patients in combination with a service offering, which theoretically speaking can be extremely broad. Teva is still defining the key specificities of this new service offering that will be progressively implemented over the next few years. It is undoubtedly a growth option that we estimate to be exceptionally promising for the future.

### **In the Netherlands, TEVA is market leader in the generics segment with a 38% market share and an annual volume of around 3.5bn tablets, and Teva also stands as the first pharmaceutical company in terms of sales in 2015 in the Dutch environment. In a local market that has been described as particularly tough by your competitors, how has TEVA been able to reach such heights?**

Our hybrid business model, based on generics and specialty products – the latter accounting for around 30% of our revenues in the country – is probably one of the main reasons behind our success in the Netherlands. Historically, Teva Netherlands was born in 1946 as Pharmachemie, and stands as a historic player in the country. This long-standing presence is one of the main reasons why we are able to offer such a broad product portfolio.

As a company, you usually decide to invest a tremendous amount of money into developing a product with a sales perspective, comparable to Lipitor, but not for a small-volume molecule. Nevertheless, locally Teva exploits an important number of small-volume molecules, as a legacy of our historical footprint in the country, where these molecules have been launched and never abandoned. Our success relies on our ability to maintain this position and our broad molecule portfolio. On the other hand, we also have been able to further strengthen our leadership position due to specialty products, whose share of revenues I expect to increase in the future!

In the Netherlands, the generics market is extremely mature and the growth perspective is consequently limited compared to other geographies, such as China. To tackle this limited growth perspective, we have to thus think of new products that will address unmet patient needs.

**In the Netherlands, the pharmaceutical industry is sometimes accused of generating unfair profits, and there is an intense debate around the cost of new specialty medicines. What is your assessment of the situation?**

In my perception, the only way out of the conundrum is to gather all healthcare stakeholders to have an ethical discussion on what should be defined as “a fair cost”. In the Netherlands, an important debate already occurred about some extremely expensive medications targeting a very narrow patient group – sometimes only a dozen patients in the Netherlands or a thousand globally. Developing these kinds of very innovative treatments requires enormous investments, which subsequently impact the price of the medicine. Nevertheless, these development costs sometimes seem to imply such a high final price that reimbursing this product is not sustainable for our healthcare system anymore. This overall business model is perhaps questionable, and I am quite sure that the debate around these medicines will undoubtedly intensify over the upcoming years.

**Considering this context, what kind of development solutions are you pushing forward?**

This cost-containment context clearly bolsters our commitment in our so-called “drug re-discovery” program. Pharmaceuticals products are usually divided between branded and generics products, but there is indeed a wide range of opportunities that lay in-between these two categories. For instance, there are currently plenty of off-patent medications that could be used for new diseases or completely different indications. This highlights how a generic can to some extent become a specialty product for a new disease. The Netherlands is one of our key countries for this program, and one of our locally developed “re-discovered” treatments is about to reach the Dutch market in the upcoming months.

Nevertheless, receiving market approval for these kinds of products is completely different than for a usual specialty treatment, as it cannot be considered a completely new medication. Furthermore, even if this drug development strategy offers a promising perspective, drug manufacturers have a responsibility in proposing fair and reasonable prices for their “re-used” molecules. It may sound obvious, but we have already seen examples of extremely high pricing for “re-discovered” treatments in The Netherlands.

**What are your ambitions for your cluster in the next five years?**

Our main ambition is to continue growing! We want to further strengthen our market position, both through organic growth and the launch of new products, and through acquisitions, both at local level for generics and probably at a global level for specialty products. I expect our product portfolio to tremendously evolve over the upcoming years, as our “beyond the pill” offering will progressively enter in force.

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