

Interview: Hubert Puech d'Alissac - Managing Director, Teva Italy



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Outspoken Italian Managing Director of Israeli-based Teva, Hubert Puech d'Alissac, talks about his passion for social responsibility, adapting to the new realities of patient care in the digital age, and his aspirations for the "Made in Italy" brand.

When we covered Italy in 2009 your predecessor Mr. Walter Medda spoke about the establishment and consolidation of the affiliate. Many things have changed since then; you joined as Managing Director in 2012, and Teva is now market leader for generics and also committed in specialty medicine. What are your main areas of focus today?

The overarching vision for Teva is to become a global healthcare provider. Our goal is not only to simply deliver products to the patients, but also to deliver peripheral solutions around their pathology. In this day and age, we aim to cater to the market with a more comprehensive approach in terms of asking ourselves what our products mean to our patients, the environment and the community. Nevertheless, we are firm in our stance that we are a medicine provider and that is the core of our business. We are simply adapting to the technological realities of the information age where patients are more involved in their diagnosis. Therefore, they are more cognizant of the products and processes for their treatments than before. In light of this, we also aim to provide a product offering that encourages recognition of our holistic approach amongst our patients, stakeholders and the scientific community.

In the past eight years, Teva has been very aggressive in market acquisitions in order to achieve the top ranking that we now have in the generics world and in gaining space in specialties in defined therapeutic areas. In generics, volume is key, and to reach it at Teva we do not compromise on quality. Today, Teva boasts almost 24% of the market in volume. However, it is also important to keep in mind that generics are only 60% of our activities, and the remaining 40% is in specialty products. We have a very stable position in these specialty markets such as Multiple Sclerosis, Oncology and Women's Health, especially due to our wide ranging portfolio.

What is the importance of the Italian operations to the global group in terms of revenues and potential for growth?

In terms of revenues, sales, and contributions, we are in the top six Teva subsidiaries globally. We are also in a very specific situation in Italy given that production of Active Principle Ingredients (API) is localized here, and thus approximately 80% of our products are exported elsewhere. In the broader picture, Italy is for Teva the second country in API production globally, after Israel.

What are the characteristics of the Italian market that you portray to headquarters when competing with countries such as France, Germany, and The Netherlands for investment?

API production in Italy has historically been very good. This is especially noteworthy given that the patent was typically given to the process, not the product. Today, Italy has been gradually adopting product protection, which was not the case 20 to 30 years ago. The Italian market is well known for its talented chemists and a well-reputed chemical industry which has been extremely innovative in their ways of production. Thus, this market has truly established itself as a knowledge base for chemical production. Moreover, now that Italy is competing worldwide, the "Made in Italy" brand has been identified as one of the most creative, reactive and productive names in the market, which is embedded in its Italian roots.

Does the fact that there are five manufacturing sites in Italy impact your commercial operations? Your sites have been known to be a formidable source of employment for Italy as well. How do you believe you are perceived in the local Italian market?

I believe that we have been very well-received in Italy, given that we market as well as manufacture a lot of our products here. We are perceived very positively because a lot of our activities show profound trust in the country. We have shown that we are interested in a long-standing relationship with Italy, trying to establish roots here, as opposed to simply using this market as another revenue stream like most of our competitors. We have 70 other sites globally

and we are truly committed to Italy. In the larger picture, Teva is a company that controls closed to 100% of the production of its products – from the sourcing to the production process – because we are extremely meticulous about the quality and we can leverage from being in a country like Italy where there is such a good heritage of sophisticated production.

As discussed with Enrique Hausermann, president of Assogenerici, part of the generics industry's success in the Italian market will depend on the evolution of the legal framework and the government's ability to perceive its benefits in order to implement long term policies. Are you confident that the "generics time" will finally come in Italy, as it did in many other European countries? How do you see the Italian generics market evolving in the upcoming years?

For me, I believe that the generic market time for Italy is already here. The Italian government already found a good balance for Italian patients to have access to generics. I am very pleased with our system now because patients have the option to buy either generics or branded products (where for the latter it is their own prerogative to pay the price differential), yet at no added cost to the community. I believe that the market is developing regularly at a good speed.

It is also important to note that in Italy, branding is very important. This is something we are cognizant of at Teva to have a strong stream of brand communication to our market. It is physically apparent in our products that are signed with the Teva name. Our quality and the reputation of our production is the cradle of our brand and this is what our market appreciates. This is something we ensure to communicate at the level of the pharmacies, as well as to the public. We pioneered this strategy amongst our competitors to speak with doctors and educate them on our values as Teva as a brand. It is really important for us to get to know our customers, but also have to have them get to know us.

Moving from the Teva brand and to the product portfolio itself, there is diversity amongst the specialty products in your line, such CNS, oncology, respiratory and women's health. Which of these areas do you see as the strongest growth driver for the company? As well, when do you anticipate the launch on the Italian market of your flagship product, Copaxone?

Our growth drivers are clearly CNS with Copaxone. MS will remain a key market for us, as well. We launched a new formulation of Copaxone in early February, Copaxone 40mg, that with 200 fewer injections over the course of the year, allows the patients to live a better quality of life. We also have a product called Duoresp Spiromax that is for asthma and BPCO that with an innovative and

more intuitive inhaler allows patients to take the right dosage of this medicine.

In our pipeline, we have exciting products in development for migraine treatments. There are still a lot of unmet needs given that most companies have focused on treatments in the past. We are looking into preventative measures for constant excruciating migraines. The expected timeline for this new product globally is within the next two to three years, and this will be a definite asset to our already strong repertoire of products. As well, fairly new to our pipeline is a treatment for severe asthma, which is another condition that is debilitating for patients. On Women Health's we focused mostly on contraception and will enter the fertility market soon.

In 2015, 49% of TEVA revenues on a global level came from generics and 42% from specialty products. What is the breakdown of your revenues in Italy and how do you expect the two to evolve in the upcoming years?

In essence, what is clear is that this division is almost a 60-40 split today in Italy. However, our emphasis is not really on the numbers, but on developing solutions for a specific patient need. We aim to create a balance between the two because, strategically, we believe that this truly caters to the needs of the market and is also making economic sense for us and the community. However, it is important to be clear that Generics or Specialties is not how we look at our portfolio. Our priority truly is to offer solutions to unmet patient needs.

Do you believe this hybrid model is a solution to the challenges faced in this sector, such as the patent life cycle and price drops in generics?

Fundamentally, we want to provide healthcare for our patients. However, within that, we also have to keep in mind the realities faced by the market today. The burden of the cost of healthcare is steadily increasing and any effort we can do to lessen the cost of this burden will be helpful for the community which we serve. We truly place a high value on our social responsibilities, despite being a profit-driven company, because we believe our CSR is what drives trust to our brand, both publicly and to our shareholders. Trust is an especially important element in the pharmaceutical industry because it is crucial to our patients' lives and to the authorities who have the responsibility to provide healthcare system to patients.

In closing, what is your overarching vision and strategic ambitions for the next few years for Teva in Italy?

Our objective is to make the Teva brand better known in Italy, at every level of patient care. We need to close the gap between us (the industry), practitioners, institutions, and patients, as they

tend to have been rather detached in the past. We need to welcome the new reality of patients being more involved in their treatment journey, especially in our information age where everything is easily accessed digitally.

Finally, my last message to all readers is that we want to make patients' lives better. In the next few years, I truly hope that the "Made in Italy" brand will carry far more gravity than it does today. I do believe we are gaining that momentum in taking pride in the Italian brand. We want our patients, the institutions, the government - everyone - to truly resonate in the fact that the "Made in Italy" speaks for value, creativity and innovation and that Italy holds all such resources.

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