

Interview: Dr. Laszlo Gaspar - General Manager, Meda Pharma, Hungary



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Meda Pharma Hungary GM Dr. Laszlo Gaspar describes how the strategic shift from Rx to OTC has allowed the company to experience year-on-year growth over the last eight years and increase annual revenues threefold. He further emphasizes the value of targeting medical promotion in securing a competitive positioning in several niche segments, while detailing his ambitions to diversify the business into other areas such as food supplements.

What priorities were at the top of your agenda when becoming general manager and how far has the affiliate grown now, under your leadership?

When I joined Meda in 2008, an influx of generics started entering the market. Many originator products were faced with significant generic competition, causing the average prices of drugs, and in turn, total market value for specialty therapeutics to decline by 50 or 60 percent. Needless to say, it was a challenging market for innovators to unlock value and drive growth, which was why we decided to shift our focus to OTC.

Given our relatively limited promotional budget at the time, we identified several non-Rx products in our OTC portfolio with the most growth opportunities and began promoting them to doctors—circumventing the traditional direct-to-consumer campaigns. Aside from persuading doctors to endorse the products, we had to convince pharmacies to stock them, while also

generating patient demand. Although relatively intensive, this strategy eventually paid off. Using Magnosolv® as an example, we were able to grow sales from a mere 20 units per month to roughly 15,000 through consistency and diligence.

But this was only one aspect the strategy; the other deals with our team. Contrasting my time working with my previous company, we maintain a very lean and flat operation that promotes the utmost efficiency and clarity when it comes to decision making. Aside from our sales reps, usually one person is delegated large sets of administrative responsibilities, with very little overlap—so we've placed a lot of trust in our people.

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Given that OTC is a highly competitive arena characterized by low margins and quick turnover, how do you go about effectively competing against the players with bigger balance sheets?

In terms of TV and print ads, we don't have nearly enough resources to compete on par with giants such as Bayer or Sanofi; so, in addition to DTC channels, we focus on promoting our products directly to doctors. Our sales reps are very well educated and experienced, with some of them having worked as medical representatives for over 20 years.

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We actually strategically choose products with differentiating qualities and therapeutic benefits than those already offered on the market.

For example, in the market leader in magnesium, each tablet contains less than 13% of the recommended daily dose of magnesium; our version, Magnosolv®, contains 365mg in every sachet, which is more than 97%. So, the difference is evident, especially for those dependent on daily magnesium intake.

Of course, many of these big players could also pursue a similar tactic, but it's simply not in their interest to spend so much time and resources on promoting only a handful of targeted products, when they can go through DTC companies to have a much broader impact and influence—particularly with the pharmacies that solely value price and rebates. For us, we have an extremely nimble sales team the focuses solely on emphasizing the added medical value in our products to doctors on a one-on-one basis.

How has this strategy translated to the composition of your product portfolio?

In 2008/2009, Rx comprised more than 70 percent of our portfolio and the remaining attributed to OTC. Now, that composition has almost switched, with more than 70 percent of our business represented by OTC.

This composition has also been driven by the fact that we have many old original products such as Lotensin® that we needed to phase out, as it's hard to revitalize such products that are 20 years old, especially without reimbursement.

But our sales have been steadily increasing because we've been focusing on OTC. And it was impossible to compete with the lower priced generics, especially when the government reimbursement levels and drug budget were reduced. Also, Hungary is often used as a reference price in other markets, so we could not go lower our products prices to the point where other markets would be materially impacted.

Which therapy areas will you concentrate on developing moving forward?

Between 2008 and 2010, dermatology was one of the main growth drivers, but that has since shifted to pain relief—now representing almost 40 percent of our sales—with several nonsteroidal anti-inflammatory drugs (NSAIDs) such as Dona®, which is used to target joint pain.

The other promising growth area is allergy, primarily driven by Allergodil® on the OTC side and the recently launched Dymista® on the Rx side. We're also promoting Mylan's EpiPen®, so we're covering all forms from sprays to injectables.

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Although still in its early stages of approval, Mylan had recently announced its intent to acquire Meda Pharma—a transition that is set to begin starting the middle of this year if approved. How will this potential integration impact the operational structure in Hungary?

Mylan has primarily focused on generic Rx products. Meda comes into the picture with an expansive OTC portfolio and the specific capabilities to promote such consumer health products—so it's actually quite a complementary marriage. But until the terms of the deal become official, it's business as usual.

Meda Pharma's ambition to become the leading specialty pharma company globally is well known. From your perspective, what exactly does it mean to be a company solely

dedicated to “specialty pharma?”

The underlying basis of Meda’s business model focuses on acquiring and quickly integrating portfolios with close-to-market and established products, and then subsequently harmonizing sales and marketing to fully develop their commercial potential. However, the portfolios are completely tailored when it comes to the local level—catering specifically to a population’s clinical needs; the range of therapies that we offer here in Hungary can differ vastly than in Austria or Slovakia. So really, I believe the “specialty” aspect lies in the company’s unique way of thinking and managing its global operations.

Where would you like to have taken the company in the next three to five years?

Essentially, all of my efforts will focus on maintaining and driving growth—through various means. We received a lot of new non-Rx products from Meda’s Rottapharm acquisition last year, which also includes food supplements that reduce cholesterol or improve hygiene, for example. This is a completely new area for us that will require us to use alternative sales channels from the traditional wholesalers or pharmacies. So besides our current business, I’d like to unlock additional revenue streams by taking on the challenge of building up this new segment.

Reflecting back on your eight years with the company now, what qualities do you believe truly distinguish Meda Pharma from some of the other multinational organizations that you’ve worked for in the past?

The most differentiating factor is the decision making process. The top management delegated the right to make decisions. But it’s an extremely flat structure. They usually choose local people to head up the affiliate who are much more intertwined with the business culture and the market itself.

Globally, Meda pharma does not have endless tiers of hierarchy and divisions to access high level management, and it’s always the responsibility of the local managers to execute the tasks. We have some big brands like Dymista® and EpiPen® that requires some regulatory and marketing support from HQ, but otherwise, 80 percent of our portfolio is catered specifically for the local market.

Aside from our sales targets, we have a large degree of entrepreneurial freedom when it comes to running the local operation and determining the driving strategy—and this is a challenging, but inherently fulfilling aspect that keeps me motivated every day.

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