

Interview: Ondrej Halasz - Country Manager, Czech Republic and Slovak Republic, CSL Behring



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The country manager for CSL Behring Czech Republic reviews his tremendous success in the country, averaging 50 percent annual growth since 2011. Furthermore, he explains why the current reimbursement system is beneficial for them although it results in high price pressure for innovative pharmaceutical treatments.

The question on everybody's lips is what gains market access first; Idelvion from CSL Behring or Alprolix from SOBI? At what stage does Idelvion currently stand in the Czech Republic?

In comparison with our direct competition, especially Baxter and Grifols, I have to admit that they have a more historic relationship with the Czech market which gives them a competitive edge. The reason for the latter is simple: we started our operations here five years ago and our competition 20 years ago. Hemophilia B is a lifelong disease and patients need to take their treatment for as long as they live; switching treatments is rather difficult hence why the competitive advantage lies with our competition. But this is not the situation with Alprolix and SOBI. They are relatively new and a small company too. The key factor of the success, in this particular situation, will be time, therefore competing for when we and SOBI would be able to launch. The challenge is that initially we had a time advantage of approximately three months which we unfortunately lost; I expect both products to be launched at around the same time in in the last quarter of 2017. Despite the

unfavorable development, I am confident that we have the better product which will turn the favors to our benefit in the long run.

What's is the major therapeutic area for CSL Behring in the Czech Republic?

We are focused on specialty products, mainly products within the massive bleeding management segment from which we derive approximately 50 percent of our sales here. Another important area is the immunoglobulin market. Most recently we introduced the blockbuster 'Respreeza'; we currently treat about 18 patients in the Czech Republic and are aiming for over 100 once it is more established in the market. The beauty about 'Respreeza' is that we do not have any competition which means idyllic conditions for us. All we need to focus on is finding patients and educating doctors, and I am confident that we will succeed superbly in that.

Although the Czech Republic seems to be a paradise for CSL Behring, do the limitations of the Czech reimbursement system which not result in some of the lowest prices in the region?

The Czech Republic does indeed have some of the lowest prices in Europe. On the other hand, the established system does create benefits to the pharmaceutical industry, the most significant being its high transparency which allows us to forecast sales, price and reimbursement levels with very high accuracy. The current system successfully replaced 'the old' system: negotiations are not possible anymore, nepotism is successfully eliminated and everything is driven by precise bureaucratic procedures. Truly a 360-degree change compared to the past system.

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What would be an example of the benefit that the predictability of the system's mechanisms gives CSL Behring?

The predictability induced by the system's transparency typically allows us to be among the first of our European peers to introduce innovative treatments. With 'Respreeza' for instance, only our German affiliate was faster in introducing it to the market.

Coming back to price pressure; how do you navigate your operations in the Czech Republic around it?

As explained, it is simple to forecast the price and reimbursement of your product in the Czech Republic, therefore you know from the beginning if the right conditions for your product exist or if they don't. If the latter occurs, you know expectations from headquarters will not be fulfilled and

you communicate that back so that the decision to launch or not launch the product can be revised.

You started CSL Behring's operations in the Czech Republic in 2011 and set up the affiliate by yourself. What were some of the challenges you encountered?

I started our operations here literally from scratch. At the very beginning, I was sitting on the floor of this office with my laptop, figuring out how to establish the legal entity and every detail that follows. Additionally, I had to learn everything of CSL's portfolio, treatment details and competition, while being the Marketing Manager, Sales Manager, IT specialist, Country Manager and many more positions in one person. Now, five years later, we are a medium sized company with annual sales of USD 15 million, and an average annual growth of over 50 percent while still being in the growing phase. Although the latter figures are impressive alone, I believe the main achievement is that we have succeeded in putting CSL on the map of the Czech pharmaceutical landscape!

What is the strategy you have implemented to achieve this great success?

Frankly speaking, it really isn't rocket science. We were simply launching all the products in the existing portfolio. Some we weren't able to launch because we needed to change small details such as the right label in Czech first. However, I am delighted to say that we have launched most of our products.

Many people compare the Czech Republic with countries such as France and Germany in terms of development rather than comparing it with Romania or Hungary. Why do you think this connection is being made?

The Czech Republic has overtaken the rest of the CEE in many significant indicators, and is even ahead of some Western European countries in certain indicators. Just to name one of these many indicators: GDP per capita spending on healthcare, for instance, is way above Poland, Hungary or Romania, however, not yet at Germany's level.

Is the Czech Republic at the vanguard of being in the same developed state as Germany?

Overall Germany is still too distant in terms of development, however, I believe we are soon to be comparable with countries such as Greece and Portugal; at the latest in ten years' time, if not earlier.

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You experienced approximately 50 percent growth last year, are the conditions set to sustain this growth?

We are delighted with the given conditions in the Czech Republic. On top of the conditions in this market, we had a tremendous success with 'Respreeza' last fiscal year which brought us USD one million in sales alone. Having said the latter, by the virtue of the business the huge growth figures can't be sustained. It will simply become more difficult as we don't have a fully established portfolio to launch from scratch anymore. Nonetheless, I am confident that for the next couple of years we will continue to grow and develop to be the same size as our affiliates in Greece and Portugal!

You have said that one of your goals is to treat more than 100 patients in the Czech Republic. Where do you see CSL Behring impacting the life of the patients the most?

Especially in the areas where there's simply no other treatment available - we literally save lives. If you take massive bleeding management for instance, if our products weren't available, these patients would die. At CSL, we take pride in that not only improving lives but saving them - patients are in our mind in everything we do!

As an expert in the Czech market, where do you identify growth opportunities for the innovative pharmaceutical industry?

Generally speaking, for the whole innovative pharmaceutical Industry, I identify the most significant opportunity in the current trend of the Czech Republic switching from old generics to innovative treatments. The only challenge lies within highly innovative treatments where there's no reference available, because then market access in the Czech Republic becomes a challenge. However, if one knows and manages the existing rules and regulations correctly even this is possible in an overwhelmingly positive manner.

Where will you have led the affiliate by 2020?

The time of rapid growth we are currently experiencing will most definitely be gone. Nonetheless, I expect to still enjoy double digit growth way beyond the ten percent threshold. I am confident that our portfolio will allow us to grow above the average market growth. The whole segment we're operating in is worth about USD 60 million, it is the fastest growing segment in the Czech Republic and I believe the segment's growth will pick up, thus benefiting us!

What are the dimensions you use to measure your success?

My personal key measurement of success is sales and market share, and reliable data is easily accessible through the portal provided by the State institute for drug control. CSL Behring worldwide represents about one third of **the** plasma market and this is our ambition in Czech also. I don't have the ambition to employ 20 more people or anything like that. If you compare the size of our organization with other affiliates you will see that they are not much larger than us in terms of employees.

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