Interview: Corina Croitoru – Country Manager, Gedeon Richter Slovakia



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Corina Croitoru of Gedeon Richter Slovakia discusses GR's footprint in the country, the affiliate's main growth drivers, the importance of women's health, and the intricacies of market access.

Gedeon Richter's affiliate in Slovakia was established back in 1996 and you yourself have been country manager for the past couple of years. Could you please start by introducing the company's in-country capabilities and local market offering today?

This year we are very proud to be celebrating our 20th anniversary of presence in the country. To give you a sense of our long-standing heritage in Slovakia, we started off as a small office in the mid 1990s and experienced excellent growth to the point where we actually made it into the top 10 companies on the market in terms of value. There was then a more turbulent period when we registered a slight contraction due to price erosion, a shrinking portfolio and an increased intensity of competition within the generics segment.

Today our market offering is rather different and lies somewhere on the spectrum in between generics and originator products. In line with Gedeon Richter's transformation at the global level we now occupy the realm of fully integrated specialty pharma and are able to offer original products and high-quality branded generics that are very well received by patients and the medical community alike. Unlike many of the products derived from markets like India and China, all of our

branded generics are manufactured to very advanced standards from our Hungarian facilities, which are highly certified and include the latest production practices and state of the art machinery. Physicians in Slovakia thus understand the real added value our products deliver.

The conditions on the ground enable us to offer the bulk of our product portfolio to Slovak patients. Operations-wise, we carry out so-called ‘commercial activities.’ We don’t have any in-country production footprint nor engage in distribution, just sales and promotion. Right now, we are ranked 18th in terms of market value according to the most recent IMS Health league table. This is actually a pretty strong positioning and one that we can be proud of once you take into consideration that many of those companies ahead of us locally comprise ‘big pharma’ giants with blockbuster products or strong portfolios in oncology and biologics where the margins are especially high. Compared to other mid-cap pharma companies with classic portfolios, we must rank as one of best performing.

[Featured_in]

Which particular products and therapeutic areas are driving your revenues the most locally?

We maintain a strong classic portfolio in Slovakia in cardiovascular and in CNS (Central Nervous System), with a focus on treatment of cognitive disorders. What we are especially renowned for, however, is our gynecological portfolio, which is the main revenue driver. This reflects the long transition that Gedeon Richter is undergoing at the global level to reposition itself as a world leader in not just gynecology, but women’s health overall. Already we boast one of the most comprehensive women’s health portfolios and in Slovakia are now considered the uncontested market leader.

Gradually, we have come to be seen as the partner of choice for gynecologists in Slovakia and have established a good reputation among key opinion leaders who appreciate our level of know-how and understanding of the matters at hand. This stems from the fact that we have gone well beyond just selling our products and seek transformative change at all levels within the communities that we work with. We are, for example, highly proactive in awareness raising initiatives and in educating the physicians, clinicians and patient associations as to the latest developments in this field of therapy. As market leader, it is our responsibility to ensure that medical practitioners and end consumers are well informed as to the different therapeutic options available and the full nature of the diseases they are seeking to manage.

How stiff do you assess the local competition in the women’s health segment?

A number of generics companies have tried to enter women's health with cheap me-too products striving to get a slice of what they perceive to be a large captive market. The areas of oral contraceptives and women's hygiene are cases in point, but in practice many have found this a niche that is very difficult to properly break into and where the patients and physicians demonstrate strong brand loyalty. When we first entered the market, there were certainly some heavyweight companies well embedded in gynecology such as Bayer, but they have subsequently exited the market leaving us the leader and we have been able to consolidate that position over time through the sheer breadth of our portfolio, specialism and understanding.

We enjoy the best track record in women's health for bringing new products to market. We were quite lucky with our top selling product, Esmya, which is a first-in-class treatment for uterine fibroids. Slovakia was actually one of the very first markets where we were able to launch the product and also one of the first to receive reimbursement. This is, I think, testament to the efficiency of the Slovak market access system. Esmya meanwhile is emblematic of the sort of real added value that Gedeon Richter has proved adept at delivering. We can say that it represents a true innovation because prior to our placing the product on the market the standard treatment would have been very invasive forms of surgery.

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How would you describe the ease of market access in Slovakia relative to the situation across the rest of the region?

The Slovak market access mechanism is rigorous and clearly defined. As long as you possess a decent product that demonstrably adds value and you diligently follow the correct procedures, then it is perfectly feasible to secure reimbursement. In the women's health segment there is a high degree of openness and transparency. There is very little scope for different parties to influence the process because there is actually little formal opportunity to meet officials to discuss such issues. Instead all the dossiers are submitted electronically online and assessed by an adjudication panel. This is very different from the smoke and mirrors in some CEE countries. My understanding, having worked at Gedeon Richter's headquarters, is that the processes in the Czech Republic and Poland are very opaque so rather unpredictable whereas the Romanian market has been effectively frozen while they wait years for the legislation to enact a new reimbursement list. Comparatively, I would say Slovakia is a pretty good place to be doing business.

In the case of Esmya, for example, we first took it upon ourselves to conduct a thorough and comprehensive pharma-economic study so as to properly demonstrate how its introduction would

contribute to sustainable healthcare and take costs out of the public health system while simultaneously delivering much better healthcare outcomes that mitigate the need for invasive surgery. One we had conveyed this evidence as part of the dossiers, the authorities were quick to understand the benefits and award reimbursement. All in all, the process took about a year including the carrying out of the initial studies.

The fact that the reimbursement was issued for the product rather than just the indication was also helpful.

These are exciting times for Gedeon Richter. Global revenues were better than ever last year as the company transitions to the added value specialty model. How are you going about implementing these changes at the local level?

Local is local. The in-country workforce doesn't really see so much what is happening at the global level and that is how it should be as we are always keen to be adapting to the conditions, needs and spirit of the local market. It is my role as country manager to ensure that the decisions taken at global management level are properly applied and rolled-out across the affiliate's operations.

It is true that we are undergoing significant changes and that entails acquiring new capabilities and, in some cases, fresh skill sets. I manage this change by being very transparent and communicative. One of the important aspects of managing this change has been to ensure that each division feels properly valued and that the correct balance is maintained. We are indeed transitioning to playing a greater role in women's health, but that doesn't mean that we forget about the importance of our other divisions dedicated to our more classic product lines. The cerebral blood flow enhancer, *Cavinton*, remains a star product, as does the antibiotic, *Suprax*, and anti-hyper-intensive, *Protevasc*. There are other cardio combinations as well, all of which make up important components of our business and overall offering.

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Another important aspect of managing this sort of organizational change relates to sourcing new talent. Some of our local employees have been here since the opening of the affiliate two decades ago and Gedeon Richter is now a very different type of company. The company has already started to enlarge its portfolio through expansion into the very new and exciting market of biosimilars and

has accordingly been investing heavily in the establishment of a cutting-edge biosimilar manufacturing plant in Debrecen in Hungary. I am therefore already thinking about bringing in the requisite talent – salespeople, account managers, medical affairs specialists and so on – for when we incorporate this element as part of the Slovakian operations.

You mentioned the importance of adapting to the local conditions of the market. What local adaptations have you had to factor in when catering to the Slovak women's health market?

A full 62 percent of the Slovakian population is Roman Catholic and a further 4 per cent Greek Catholic which has definite implications for the women's health segment. The local culture is rather conservative when it comes to sexual education. We therefore have to be very careful when marketing products like the morning after pill, which can be sold over the counter (OTC). We are able to approach pharmacists and gynecologists, but not conduct the normal types of advertising campaigns. The translation of the wording on our website also had to be amended, to not be seen as encouraging and incentivizing use of the morning after pill.

Promotion of oral contraception also runs into the same sorts of problems. There are still a lot of misconceptions about perceived risks of various forms of contraception that abound in the market, but we sometimes find ourselves unable to reach the end customers to dispel these myths. There is still, for example, a widespread public misperception that taking hormones is inherently detrimental to health. Taking this into account, when recruiting new personnel, we make sure to explicitly inform potential job candidates right at the start that we are a company that manufactures, handles and distributes contraceptives.

Many of the issues we provide solutions for remain taboo culturally. Adapting to the market thus part entails recognizing what the local limitations are and being able to creatively navigate the local conditions to ensure that essential products are available and accessible to those that need them. We work within the system to ensure Slovak patients have the same options as elsewhere throughout Europe and that they are fully aware of the facts.

How strategically important then are the Slovakian activities relative to Gedeon Richter's other operations around the world?

Although Gedeon Richter has been spreading its wings and expanding its international footprint – it has also built up its own marketing network in Western Europe and it is also present inemerging economies such as China and most recently the Latin American countries – Slovakia forms part of what we consider our original heartland. We are part of that CEE region in which Gedeon Richter

grew its name and established its dominance.

Strategically we are a very important part of the business as we represent a stable market that can be relied upon to deliver a constant revenue stream. Over the years we have been increasing our sales while at the same time reducing the budget so our overall growth trajectory is very positive, but it is the predictability of what we deliver that we are most valued for. At a time when, for instance, the Ukraine – traditionally a valuable market for Gedeon Richter – is thoroughly destabilized and we are still building our position in our newer markets, such as Latin America, we form an important part of the reserve of the company that can be relied upon no matter what.

In the years to come, I also foresee us increasing in importance. Not only do we have new product launches for gynecology in the pipeline, but we also forecast our target market expanding. In the late 1980s and much of the 1990s, new births in Slovakia were at a low point. Subsequently that birth rate has picked up again meaning that we will have a lot of young women reaching the age at which they can have children by around the 2020 mark. My focus is therefore going to be on reshaping the internal team, ensuring we get our next part of our pipeline to market and readying ourselves to be able to respond to the needs of an expanding customer base.

As a Romanian, what are in your eyes the secrets to success on the Slovak market?

Firstly, you have to be willing to listen closely to local people and tap into the local culture and its customs. We were able to become dominant in Slovakia in women's health because we adapted to the local conditions, familiarized ourselves with the indigenous limitations and devised effective ways of working within the system.

Secondly, we were very attentive to our reputation and brand image. This is a small country where news travels fast by word of mouth. First perceptions are crucial. The fact that Gedeon Richter is a very ethical company that always strives to go beyond selling pills to actually making a difference in the communities in which we operate, was actually very beneficial as that was exactly the image that was projected and communicated across the marketplace.

Thirdly, Slovaks tend to be highly educated, knowledgeable and well networked. Everyone tends to be connected to everyone else through friends or family, which means that if you really persevere and take the time to engage with them, then you can quickly get to grips with the dynamics of the market.

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