

Interview: Piero Poli - President & CEO, Rivopharm, Switzerland



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Niche generics manufacturer Rivopharm was nearly bankrupt when acquired by current president and CEO Piero Poli in 2005; he explains the changes and strategy he put in place to drive the company to over 5x growth in the last 12 years while successfully bringing the first generics of several niche products to market.

We understand it has been 12 years since you took over leadership of Rivopharm. How and why did that originally happen?

My family had a heritage in the Italian pharmaceutical industry with the Poli Group, originally founded by my grandfather in the 1940s. In 2004 I sold all my shares of Poli Group, and I started looking for another investment opportunity in the pharmaceutical industry, preferably here in Ticino. Rivopharm was known in the Ticino pharma community, and at that time was honestly quite close to bankruptcy. I saw the chance to turn this company around as both an opportunity and a challenge, and the rest is history!

What were the fundamental changes that needed to be made to turn the business around?

Back in 2005, Rivopharm was quite an old-fashioned company which hadn't received any substantial investment in quite some time and was burdened with significant debt. The core of the business at that time was providing a range of basic medicines from WHO's list of essential

medicines to different entities and programs linked to the WHO as well as other buyers in developing countries. No substantial R&D was being done and in general, the business was very static. Many things were being done simply because “that’s how they had always been done”; there was almost no drive to adapt or change to fit the demands of the market.

The first step was thus essentially identifying the aspects of the business which would be valuable going forward, and then cleaning out the rest. Luckily, there were a number of people within the company that were more forward looking and ready to embrace change, so we fought hard to keep them and then began a recruitment drive to find likeminded people motivated to really build a new business.

As for the fundamental change to the business, the key was transitioning from a model where we sold dossiers to selling registrations, or as I like to say selling realities instead of just dreams. Starting in 2005, we began investing in building up an internal R&D department and a solid regulatory affairs team to register our products in various European markets. There were many other steps along the way, but the turnaround has clearly been a long-term success: in 12 years’ time, we have grown the business from CHF 8 million (USD 8 million) to over CHF 40 million (USD 40 million), with staff only increasing from 41 people in 2005 to 160 today.

What would you highlight as some of the major milestones for Rivopharm following this initial turnaround?

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On the commercial side, in 2013 we established our first international affiliate in the UK which was another major step for the company, and just last year we acquired Holsten Pharma in Germany to develop sales in the German and Austrian markets. The establishment of Rivopharm UK has proven to be hugely successful, as we have managed to build GBP 15 million (USD 18.8 million) of sales in the UK from practically nothing in just three years.

With regards to R&D, in 2007 decided to split the risk between the production and R&D activities of the company by starting a separate sister company Developharma, to provide pharmaceutical development services to Rivopharm as well as third parties. Developharma is now fully approved by Swissmedic to develop and produce pharmaceuticals for clinical trials, and has developed several new products which we have added to our portfolio over the last decade.

Finally, starting in 2005 we started to invest in our manufacturing facility to bring it up to the standard we needed. This is of course a continuous and never ending process, but in 2014 we were

formally approved by the FDA, a first step towards developing the US market, and at the end of 2015 our first product was approved in the US.

With the creation of Developharma as an independent and sophisticated product development entity, what have been some of the group's key successes in terms of product development?

Our R&D strategy is focused on very niche products, which have been overlooked by other generics companies, which often means they can be quite difficult to develop! We have successfully identified several such opportunities and developed products which have been the first generics to be launched in certain markets. The first was nicorandil, where our product was the first generic in the UK market; this is a product which had been off patent for at least 15 years but had been forgotten. Next was lacidipine, where we were the first generics company worldwide to offer a 6mg tablet. Most recently, we launched a generic version of racecadotril which was and still is the only generic on the market. All of these products target small patient populations and offer limited opportunities in a few specific European markets, if not only a single country.

With this asset, looking forward, what are some of the key objectives and opportunities for Rivopharm?

We are changing our strategy. I don't see a pure CMO or CRO having a big or bright future in the next ten years. That's why in 2012, we decided to start building up a commercial and marketing organization in the UK, and later in Germany with the acquisition of Holsten.

Going forward, we are very interested in opportunities to establish our own presence in the CEE Region (Central & Eastern Europe), as well as in the Baltics. However, it is also important that we focus on high potential markets where we have a good chance to successfully enter; markets like France and even Switzerland are far too consolidated amongst a few major generics giants for a small generics player like Rivopharm to get a significant foothold. The US is of course a big dream for myself and Rivopharm, but at this point we do not know the market, thus for the foreseeable future we will continue to develop sales via a licensed distributor.

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What do you see as the key challenges that Rivopharm will have to overcome?

Finding the right products in the different hidden niches across these various countries is a continual challenge... however they are surely out there! There are always some gaps which appear as companies stop producing and selling certain products, or which get lost when

companies merge.

As a board member of Farma Industria Ticino, what message would you like to send to our international readers on behalf of the wider Ticino pharma community?

Switzerland is most known in the pharmaceutical industry for our giant big pharma players based in the Basel area, and we have less of a reputation for the deeply rooted, well-developed body of SMEs. Ticino is really a perfect example of the excellence of Swiss SMEs in the pharma industry, as this canton with a population of only 330,000 has a pharmaceutical industry which collectively produces over CHF 2 billion (USD 2 billion) worth of pharmaceuticals and employs well over 2000 people.

However, the perception of the Ticino pharma cluster is rather understated because for the most part, the companies here are not marketing oriented entities. The 27 members of Farma Industria Ticino cover a vast range of capabilities across R&D and manufacturing, from API and highly potent API synthesis, to a full range of oral solid and injectable dosage forms, as well as a range of specialized services providers. That being said, many of these companies operate under an out-licensing business model, and thus are not particularly well known in the wider international pharmaceutical community.

On behalf of Rivopharm and our friends and colleagues at other companies here in Ticino, I would encourage people to reach out to the Ticino pharma community. Switzerland has the reputation of having high costs, but in the case of Rivopharm I can assure you that it is not true; we are very competitive, and any difference in price between us and lower cost competitors is made up in terms of quality and reliability of service.

I also invite you to come stop by the wonderful Piazza Ticino at the next CPHI conference, where we are proud to host one of the more enjoyable social networking events at the conference!

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