

# Theodore Liakopoulos - Chairman, MD&D Committee, The American-Hellenic Chamber of Commerce; General Manager, J&J Medical, Greece

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*"There is nothing so stable as change" says chairman of the medical devices and diagnostics committee for the American Chamber of Commerce and GM for J&J Medical Hellas, Theodore Liakopoulos. Having spearheaded the affiliate through the economic crisis, Liakopoulos speaks candidly about his strategic priorities, the importance of staying agile to adapt to change, as well as being grounded in pragmatism to enforce leadership decisions.*

**As the chairman of the Medical Devices Committee for the American Chamber, how have you propelled this message forward and encouraged all stakeholders to not perceive innovation according to their prices, but to the holistic therapeutic value that they offer?**

In the years of the crisis, structural reforms were rampant in the Greek landscape across industries at the macroeconomic level. The healthcare sector was no exception. Though we are in a period of austerity, correcting the system through successive clawbacks, rebates and price reductions lays the path for healthy growth in the long-run. If the system continues to have a myopic and narrow approach solely focused on cutting prices, problems in other aspects such as quality are sure to arise in the future.

Solutions are within reach – and are numerous – but immediate implementation needs to take place in order to realize them. One explicit and obvious solution is following through the actions and timelines outlined by the troika in the Memorandum.

US healthcare companies face systemic problems with the general procurement infrastructure. The whole process is fragmented and decentralized in dozens of tendering authorities. There is no control of any central authority or the Minister of Health over arbitrary decisions. The enforcement of a centralized procurement process is a prerequisite to having a transparent and effective procurement mechanism.

Moreover, the DRG (Diagnosis-Related Group) system was implemented as a means to evaluate certain therapeutic operations in order to associate a certain price to them based on their scientific evaluations. The rationale behind this solution was to provide a fair and equitable means for pricing. It was supposed to be delivered by December 2016 and executed as of December 2017, but this is also lacking in the market.

Issues of budget allocations are also of primary concern, especially at the hospital level where improper allocation can impact the surgeries that could be done, the types of products being bought, as well as the overall operations of the institutions. Though the budget has been significantly reduced from EUR 730 million to 570 million, the greater issue is the fact that the funds are mismanaged and thus are not being dispersed correctly.

Analogous to the concerns of the pharma industry, the lack of a localized Greek HTA is also an impediment. The medical device community needs to have a more localized system in place for its health and technology assessment processes. Performance-based payments are also another proposed solution wherein the workforce is incentivized to find more cost-efficient procurement processes. In the larger picture, all of these solutions are already available and have proven to work at the European level and Greece needs to follow suit.

[Featured\_in]

### **What do you believe is an ideal model of collaboration to bring solutions into execution?**

Three years ago, we reached a critical point wherein many of our concerns as an industry were being heard and reforms were being planned for forge unto the road to recovery. There exists a gap between the government and the industry – both of which are very much willing to reach a solution and create a sustainable healthcare system but with different vested interests in doing so. The solutions needed to have been implemented yesterday and a stronger dialogue and a more

concerted effort needs to happen in order to create a system that is viable for success.

We have adapted expenditure, but we have not changed the system. According to last year's 'Health Consumer Powerhouse' healthcare system ranking, Greece has the lowest Healthcare Quality to Expenditure ratio in Europe. We are spending less and what we spend, we spend less effectively. We focused so much on cost that we have forgotten about quality and outcomes.

The industry can offer value-based innovation and demonstrate cost-efficiency and health outcomes to fulfill the needs of payers and policymakers as well as quality care for patients.

**You have been spearheading the J&J Medical Hellas affiliate since 2008, at the onset of one of the toughest economic crises in recent history. What was at the top of your agenda when you assumed the position?**

2008 was a pivotal year globally, especially as the American financial crisis was creating ripple effects in international markets. The inevitability of the crisis crossing into Europe was felt by the healthcare industry as a whole, and by 2009, the industry's main challenge at large was the issue of arrears. Concerns regarding delayed receivables from public hospitals were prominent, especially given the fact that the severity was not something we could have foreseen. Assuming the position as GM for a company whose mission pertains not only to profits, but also to customers, patients and people, it was a multifaceted task to juggle these four main responsibilities.

**The Greek healthcare landscape presents many impediments for access to innovation. What have been some of the key challenges in the context of market access for medical devices?**

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Critical to understanding the challenges surrounding market access is the need to have a full grasp of the direction that the market is going. Data has shown a sharp plunge in sales of medical devices and diagnostics products that was prompted by the dire fiscal climate in 2009. Sales levels throughout this year stood at EUR 2.2 billion, standing in stark contrast with 2016 sales at EUR 800 million, which is on par with the 2000 sales level when the engine of growth was formidable. The strong growth experienced at the turn of the millennium seems futile relative to the exponential decline the industry as a whole experienced from 2009 onwards. Many changes were ignited in the sector, and therefore, the tone of the operations in the industry shifted from profitability to maintaining resiliency and building sustainability to withstand the crisis.

**How has the volume of demand changed in the midst of the crisis?**

The demand is there and it is not expected to fluctuate. Healthcare needs will be on the rise in the years to come. The questions mostly center around how companies need to deal with the demand in an environment where prices are falling sharply, as influenced by a multitude of different factors.

The pricing system itself went through several reforms to reach the status that they are in today. Analogous to the clawbacks and rebate measures that the pharmaceutical industry is facing, the Price Observatory was formulated by the Central Procurement Agency for the medical device products. A project was initiated wherein every single medical device unit code was designated a price.

Drastic reduction of expenditure has taken place with a price regulation mechanism that can no longer serve efficiently the price/value relationship of the respective products offerings since there is a little distinction and specification valuation process.

Gradually, technologically advanced products are being compared with inferior ones only on the parameter of price and ultimately will be removed from the market.

The implication of today's reality is that technological advances in the medical devices and diagnostics industry cannot be introduced in the Greek healthcare system because price levels are too low for companies to be sustainable. Ultimately, it is the patients that are hurt because they are deprived of the latest therapeutic options that have significant life-saving potential. The coherent message of the industry as a whole is to stand in defense of the value of innovation and present our case forward to break down its barriers.

**As a popular saying goes: “smooth seas never made a skillful sailor.” As the general manager of a company that not only managed to withstand the crisis, but remain market leader, what leadership advice would you give to other global executives on navigating rough waters?**

Though we remained resilient, it is important to note that the reality was somber for us as well: sales performance figures declined, growth was stagnant, there were reductions at different fronts, including some exceptional talent, and we had debts from some customers. We were not exempt from the crisis and it has been a very challenging past seven years for us. Nonetheless, we managed to have quite stable operations that retained most of our talent because we were anchored on a strong spirit of fortitude in our overarching vision to serve patients.

I have personally grounded myself on the idea that the recession is here to stay. A theme that strongly resonates in our corporate culture is the axiom that “there is nothing so stable as change.”

Novelty is the name of the game and it is imperative for people to constantly adapt and be ready to do new things every day. Each day needs to be considered a new day.

Moreover, in this climate, it is also highly important to stay pragmatic and not be swayed by the tense emotions brought about by the harsh realities of the crisis. In this vein, it is also important to stay honest and transparent in order to move forward and carry on through tough times.

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**As a Greek man heading one of the largest companies in the world in your home country, what is your final message to the international business community to instill faith in Greece?**

As many of us in the Greek business environment have already understood, the path to economic recovery will be long and difficult. Greece will remain a viable force in the international business milieu. Greece is not to be dismissed solely as a place for a holiday getaway but a place with an environment conducive to business affairs. Implementing and executing structural reforms is a critical ingredient for inviting an influx of foreign investment at the earliest possible time. The road to recovery exists for Greece and we all need to stay united on this path.

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