Interview: Hristo Trunchev – Country President, Novartis Bulgaria; President, Association of Research-Based Pharmaceutical Manufacturers in Bulgaria (ARPharM)



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23.10.2017

Tags: Bulgaria, Novartis, ARPharM, Pharma, Association, Strategy

Dr. Hristo Trunchev, country president at Novartis Bulgaria and president of the Association of Research-Based Pharmaceutical Manufacturers in Bulgaria (ARPharM), shares an overview of the business scenario for research-based pharmaceutical players in Bulgaria and explains the role of Novartis in bringing added-value medicines to the patients.

A lot has been happening with Novartis globally lately: with big changes to the product portfolio, plans underway to leverage cross-divisional synergies while generating efficiency gains of 1 billion USD per annum, and the recent FDA approval for Kymriah– the first genetic treatment to target Leukaemia. How are these developments affecting the Bulgarian business?

It is a matter of fact that we are living in a time of constant global change and this is obviously reflected at Novartis. Concretely, and aligned with the corporate strategy in Basel (Switzerland), we have completely changed our portfolio, focusing on our core competencies and added value drugs that can create important healthcare breakthroughs.

Since taking this position back in 2012, we have introduced 15 new medicines to the Bulgarian market in key therapeutic areas such as oncology, haematology, respiratory, cardiology, rheumatology, dermatology, MS, ophthalmology, and rare diseases. We have the duty and the capabilities to perfectly target local needs through our global portfolio.

Our current impact in Bulgaria is clear, but we believe that we can still contribute more. Novartis is not just a pharmaceutical producer but truly a partner of all Bulgarian healthcare stakeholders – from government and associations to healthcare profecionals and patients.

Novartis is the number one player in the Bulgarian pharma market with 7.0 percent market share. What are the main challenges that you faced and the strategy that you implemented to lead the Bulgarian affiliate to this great success?

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The main challenge during recent years has been the amount of change in both the Bulgarian pharmaceutical sector and, even more so, local government institutions. Expanding on the latter, this has brought a lot of instability because every change in the leadership of governmental healthcare institutions has come with drastic modifications of the former policies such as pricing models and the clawback system, which has made it really difficult to make accurate business forecasts.

Nonetheless, I have to highlight the fact that Bulgarian government institutions are far more open to collaboration with industry than in any other European country. Novartis has certainly leveraged on this active dialogue to remain at the forefront of industry trends and, subsequently, support its operations with a strong and targeted product portfolio. This proactive approach in combination with our solutions is what has driven our success in Bulgaria.

What would you highlight as the main accomplishments under the almost five years of your tenure?

Firstly, I am extremely proud of our team here in Bulgaria, which is highly prepared and motivated. Since the beginning, human capital has been one of the main priorities on my agenda since I believe that any success is based not only on the right portfolio but also on a top-notch professional team that can ensure the quality of our operations. Thus, we have a strong human resources strategy that identifies, retains and develops the best talents through different initiatives such as ‘voice of the employees.’

Secondly, our product portfolio strategy has drastically changed over the last five years and I am quite satisfied with the outcomes obtained in this arena. Even though we have a global product portfolio guideline, we enjoy local flexibility to adapt this portfolio to local needs.

Thirdly, we cannot fail to mention the contribution of Novartis to the Bulgarian healthcare system. There was a tremendous need from patients for innovative medicines in Bulgaria and, despite some advancements, this need remains largely unfulfilled. Novartis, since its inception in the country, has been agile and collaborated with governmental health institutions in order to have a bilateral conversation about local needs and define the best health policies to minimize the existing gap. Obviously, the industry in general and Novartis in particular have contributed through innovative medicines, but there also needs to be a stronger commitment from the government in terms of higher public health expenditure. Unfortunately, the industry cannot cover the entire healthcare gap.

From a regional perspective, what is the strategic role of the Bulgarian affiliate within the CEE market?

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Bulgaria is part of what we call iCEE, Indirect Central and Easter Europe, which includes 13 countries such as Serbia, Croatia, Slovenia, Baltic countries, and Bulgaria among others. Bulgaria is number one from the sales standpoint among this grouping.

Expanding on our influence on a broader spectrum, our voice is also heard in the entire iCEE strategy and, therefore, we have bilateral dialogue with my counterparts in those countries. In regional meetings, we have a very open situation in which we share the global strategic expectations and define the individual contribution of each affiliate to such growth.

Could you expand more on the current main operations and positioning of Novartis in Bulgaria?

We have a team of more than 250 professionals that ensure the success of Novartis in Bulgaria and a total turnover of around EUR 90 million. In terms of organizational structure, the business is divided into three main divisions: Novartis Innovative Medicines (incl. Pharmaceuticals and Oncology Business Units), Sandoz, and Alcon.

In terms of the contributions of these different business lines to overall turnover, Novartis Innovative Medicines is the largest with around 60 percent, followed by Sandoz, which contribute around 30 percent respectively. However, regardless of the economic impact of each line, all

contribute to our success in Bulgaria as well as to creating healthcare breakthroughs.

Which are the therapeutic areas that generate the most revenue for Novartis in Bulgaria?

Globally, Novartis has one of the most complete portfolios of any pharmaceutical company. In Bulgaria, we are very strong in a broad range of therapeutic areas with special mention, but not limited, to oncology, hematology, respiratory, MS, diabetes, heart failure, rheumatology, and dermatology.

Nikolay Petrov, Bulgaria's Minister of Health, explained to us the cornerstones behind the National Health Management Program 2020 and the role of the private industry within the program. As an industry leader, how do you feel the pharmaceutical industry in general and Novartis in particular can support the government's efforts?

I believe that companies like Novartis and organizations like ARPharM can contribute a lot to the accomplishment of the national healthcare goals. In this regard, we are working in constant collaboration with the Ministry of Health, the National Health Insurance Fund (NHIF), and the Bulgarian Physicians' Union. We operate in many different disease areas and medical specialties which gives us a broader vision on healthcare. We also provide innovative healthcare solutions and invest a lot in clinical trials. All this makes Novartis a needed partner for the institutions.

Medical education is a key area of investment for Novartis globally; how is the Bulgarian affiliate committed in this regard?

We are contributing to the education of Bulgarian healthcare professionals in many different ways. It is a matter of fact that Bulgaria has a shortage of healthcare professionals due to many physicians moving abroad to practice. As an industry, we have the duty to help the government overcome this challenge.

As an example, we are currently working with the Bulgarian Physicians' Union to finance education scholarships for young professionals. We expect that these types of initiatives will retain higher number of doctors while, at the same time, will maintain the quality of healthcare professionals in Bulgaria.

Related to this topic, we are also giving the opportunity to Bulgarian physicians to participate in global research projects through our clinical trials conducted in the country. As a matter of fact, Novartis has a well-reputed pipeline with over 200 products in clinical development and I can confirm that there are no major clinical developments in which Bulgaria has not been involved.

Therefore, Novartis is substantially growing the number of doctors enrolled in its clinical trials, which not only educates professionals but also brings economic value to the country and increases patients' access to innovative treatments.

Novartis global CEO Joe Jimenez has repeatedly highlighted the importance to the company of using science-based innovation to deliver better patient outcomes. Consequently, Novartis globally invests around 20 percent of its total revenues in developing innovation. Could you expand on how this innovation is being translated into Bulgaria in order to target local patients' needs?

Our innovation here is more notable in the operational side of the business. Concretely, we are undertaking several projects to define the most sustainable reimbursement model for the government based on healthcare outcomes. It is well known across the global healthcare sector that an outcome-based reimbursement model could bring more sustainability, transparency and efficiency to the system.

Indeed, two years ago, we started an initiative called 'Mega Trends in Healthcare' that aims to develop big data as well as predictive analytic tools in partnership with traditional stakeholders such as patients' organizations, institutions and healthcare professionals, but also non-traditional players like IT companies, different universities, and nongovernment organizations. I am happy to share that we have already obtained some promising results through the different pilots conducted and it has the potential to become a big project with global reach. Nonetheless, in order to succeed in this revolutionary project, certain IT infrastructure is needed and at the moment it is non-existent or highly fragmented in Bulgaria.

Bulgaria has a unique combination of reference methods, especially when it comes to the National Health Insurance Fund (NHIF), creating unusually high price pressure compared to the rest of Europe. Do you believe that this model ensures patient access to the latest innovations?

As aforementioned, we are in constant dialogue with government institutions in order to improve the Bulgarian healthcare system and financial sustainability versus innovation is one of the main topics of discussion. We believe that the lowest price reference is not the best system for Bulgaria and is actually limiting patients' access to the latest treatments because the industry cannot afford to launch some products here. It is important to consider that in addition to the referral model, pharmaceutical companies are already making efforts through claw backs and other additional discounts.

There is an ongoing collaboration in this area and I believe that it is the only way to move forward. We are trying to find the most balanced point in which companies can launch their products in Bulgaria, government can afford the price, and patients have access to the latest innovation. Some solutions discussed are using the average of the three countries with the lowest price or Health Technology Assessment (HTA) methods.

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