Interview: Nikolay Hadjidontchev – General Manager, Actavis EAD, a Teva company in Bulgaria



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Nikolay Hadjidontchev, general manager at Actavis EAD - a Teva company (the sales and marketing part of the company) in Bulgaria, explains the importance of finding the right balance between innovative and generic portfolios and highlights the unique positioning of Teva in Bulgaria as a consequence of the global acquisition of Actavis.

Teva has a quite unique footprint in the country due to the acquisition of Actavis and its historical legacy. Can you briefly introduce to our international audience the history behind the affiliate's operations?

Teva was a latecomer to the Bulgarian market, being legally established back in 2007 and initially mainly marketing Copaxone®, Teva's blockbuster to target MS. Throughout the years, and before Actavis came into the equation, Teva experienced good growth rates and enlarged its product portfolio but, since we were starting from scratch, we were not one of the top players in Bulgaria. Furthermore, I would like to mention that, by that time, the Bulgarian market had started to become more challenging with squeezing prices due to the implementation of the current pricing reference model – which ensures the lowest price in Bulgaria across all Europe.

Nonetheless, Teva acquired the global operations of Actavis in 2016 and it directly as well as positively impacted our footprint in Bulgaria. Indeed, and this is worth considering, Actavis was already positioned within the top three players in the Bulgarian market and, consequently, this

operation raised Teva's positioning up to that level. I am proud to confirm that we successfully managed to combine the best from both sales and marketing sides and this is why we continue to be one of the leading business players in the country. In fact, due to Actavis's unparalelled legacy in Bulgaria, we decided to maintain the commercial name (remarking "A Teva company") in our operations in the country.

Additionally, as a result of this corporate acquisition, Bulgaria is already positioned as a strategic location within the European corporate map of Teva. The two Actavis manufacturing plants, located in Dupnitsa and Troyan, remain an important part of Teva's global manufacturing structure. Additionally, there are some global Teva functions such as finance, quality, and more recently IT that are operating from Bulgaria.

What advice would give to any general manager that has to lead a global integration at the local level?

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Any integration is not an easy process and it needs the full dedication of not only the general manager but also the rest of the team. However, being the general manager during an integration process embeds a lot of responsibility and it means that the person in that role will have to stand up for the successes but also the failures – it is important to be prepared for that.

Firstly, determination is one of the key words of the game, so the ultimate objective of any integration is to strengthen the shape of the combined company on many different fronts such as product portfolio, manufacturing capabilities, and teams. Secondly, communication and transparency have to be at the highest level throughout all the process since, as aforementioned, the team has to be aligned with the action plan, the next steps, and the reasons behind them. Thirdly, during an integration process, things never occur exactly as expected and this is why it is really helpful to have contingency plans to properly react in case of any adversity.

Last but not least, and this is one of the most common errors, any general manager in this situation should build upon the legacy of both companies since it will bring the success of the integration up to the next level thanks to the resulted combination of finding the right balance between the best of the two worlds. As an actual example of this argument, keeping the Actavis commercial brand in Bulgaria has been really successful in our performance over the last nearly three years.

Considering that, after the acquisition of Actavis, Teva has one of the broadest product portfolios in the global market. How have you managed to define your portfolio in

Bulgaria?

The successful integration of the product portfolio of the combined company was one of the most important priorities on my agenda. Indeed, both Actavis and Teva have very similar drugs in some areas and, consequently, we had a huge basket of solutions with some overlaps. For example, the product portfolio strategy certainly needed a deep assessment taking into consideration the patients' needs as well as the potential and market share of the medicine. In this sense, my team and myself developed a product categorization with the aforementioned criteria and, based on that, we selected those medicines that currently integrate our offering in Bulgaria.

Specifically, what are the therapeutic areas that are driving your growth in Bulgaria?

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We have a quite balanced product portfolio of generics and specialty care medicines that offer a broad spectrum of solutions to any healthcare professional and patient. Having said that, the main therapeutic area that is driving our growth in Bulgaria is cardiovascular but we are also strongly positioned in the CNS arena. The third most important medical category, and this is part of Actavis' legacy, is our OTC business – which I expect to continue developing in the near future. The rest of the contribution is quite diluted amongst an extensive list of medicines to target different therapeutic areas such as gastroenterology and rheumatology.

Looking to the future, even though our respiratory portfolio is not the most significant contributor to our business in Bulgaria, we expect this therapeutic area to become a cornerstone in our product portfolio in the upcoming years.

Considering that you are really active in introducing new medicines to the market. What are the crucial functions in your organization and activities to successfully launch a drug in Bulgaria?

First of all, as in any other market in the world, pre-launch activities are key to successfully marketing a drug. Looking to the organization, product portfolio as well as market access departments are crucial to organizing any launch before and after the market approval of the drug. Then, the go-to-market model differs depending on the product category. On one side, the OTC segment is more on the consumer and healthcare pharmacists while, on the other side, Rx is more related to medical education to doctors and trust as well as reliability of our branded generics amongst the healthcare professionals.

Do you believe this hybrid model between generics and specialty care is a solution to the challenges faced in this sector, such as the patent life cycle and price drops in generics?

Teva is a company that puts its efforts enabling people to live better, healthier lives and the combination of specialty and generics gives this opportunity to the patients in Bulgaria as well.

Our company has high quality and affordable generic business that help the National Health Insurance Fund (NHIF) to obtain savings but we also have some innovative treatments that are unique and life changing for some patients suffering tough diseases such MS and oncology diseases. We believe that, through our balanced portfolio, we are helping the Bulgarian government to save money with our generics to provide better treatment to other patients that need more innovative and expensive medicines.

It is worth mentioning that, by law, the first generic on the Bulgarian market has to be registered at a price that is not higher than 70 percent of the originator's price. On top of that, this price has also to match with the international reference model that is in place in Bulgaria and, when other pharmaceutical players start to appear in the market with the same generic, the price can arrive to be 90 percent lower than the originator.

Bringing this topic to a higher level, I strongly believe that there cannot be innovation without generics since the latter decrease the cost of treatment for patients and public funds, which consequently releases funds for better access to high innovative drugs. Indeed, the global pharmaceutical challenge is to find the best way to guarantee the access to high quality treatments to target the different patients' needs and the answer is within such generic/innovative balance.

In May 2017, Teva announced its plans to open an IT Centre of Excellence (CoE) in Bulgaria's capital Sofia. Can you expand on the rationale as well as the ambitions behind this investment plan?

You know that some global IT leaders such as HP have chosen Bulgaria as a hub of IT services and digital applications development. The Bulgarian human talent is overall really well reputed and this is actually more reflected within the IT arena. Of a great importance is the fact that the corporate taxes in Bulgaria are quite appealing being 10 percent and they certainly play a role in business decisions.

The Sofia technology hub will enable Teva to further improve its efficient IT operations providing very high-quality support and a professional handling of high-tech services and support on a global level, covering the international markets where Teva is operating. I am glad to see that Teva recognizes Bulgaria as a country with motivated and skilled employees that will provide our united company with high-tech services to support the successful run of the global business processes. The IT-COE of our company is not only a great recognition, but also a great responsibility for the entire Bulgarian team.

I believe that Bulgaria has the potential to host more global functions for Teva and thus to contribute to the future success of our company providing very high-quality support and handling of different services. I believe that IT is just the start in this front. From my side, I will ensure and support my colleagues for providing the best level of service in Bulgaria.

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