Interview: Nikolaos Xydias – General Manager, GSK Bulgaria



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Nikolaos Xydias, general manager at GSK Bulgaria, explains the commitment of GSK to cutting-edge medicines and vaccines targeting respiratory diseases and HIV and highlights the reasons why pharmaceutical multinationals should put Bulgaria on their business map.

This is your first time as a country manager. How did you prepare yourself for this position?

Preparation was needed prior to any assignment. In my case, I have been working more than 15 years within GSK and 11 out of those were in finance positions, with CFO of Greece my last assignment in that area. Then, after more than three years in that role I decided to move into the commercial space and became Business Unit Director of the same affiliate. The combination of both finance and commercial experience gave me a broader preparation before my assignment as general manager of the Bulgarian affiliate.

Nevertheless, being a general manager encloses many different responsibilities affected by internal and external factors. I would say that the biggest challenge is that you have to play on different fronts while not being an expert in most of them. Thus, general managers have to embrace the fact of having to take decisions without all the details or knowledge and this is why it is crucial to have talented individuals and teams in place that you can count on.

You have been in Bulgaria for two years now. What factor about Bulgaria surprised you in comparison to your prior experience in Greece and Serbia?

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The readiness of government health authorities in Bulgaria for dialogue is really unique versus any other market I have had the opportunity to work. Indeed, when I came to Bulgaria back in November 2015, this is something I was not expecting at all. Public health authorities are really eager to collaborate and partner not only with the industry but with other stakeholders such as doctors and patients' associations when shaping the Bulgarian healthcare system. It does not mean that public health institutions agree with everything that we propose but, at least, our voice is listened to. I believe that this is a good practice that can create good outcomes for patients.

Expanding on this collaboration, one of the particularities of Bulgaria is the involvement of patients and the place they are given in healthcare decisions. Is it something that also struck you in comparison to any prior experience?

Bulgarian patient organizations in general and the National Patient Organization (NPO) in particular are really active here but also in the European region. Indeed, the NPO was founded in 2010 and the level of influence that it has achieved in less than eight years deserves recognition.

Talking about their local impact, their influence in shaping the Bulgarian healthcare system is really substantial and this is definitely positive since they look after patients' needs – which is actually the common objective of all healthcare stakeholders.

GSK has been in Bulgaria since 1992, which is quite long in comparison to other MNCs in the country. What has been the historical presence of GSK in the country?

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There is a deep GSK legacy in Bulgaria and I am really proud of its sustainable and stable development. The rationale behind this increasing footprint is because our main ambition is to position GSK as a trusted partner for the entire Bulgarian healthcare system. This has been driving our performance in the country and now we are ranked within the top 6 players in the Bulgarian pharmaceutical industry with a team of more than 180 professionals who thrive to achieve the highest level of performance and quality for our operations.

Since 2006, GSK has been registered as a private limited company (EOOD) under Bulgarian law, and in this way, we are partnering with the state in the implementation of a transparent tax policy.

As a key milestone of our history here, in 2004, GSK invested BGN 5 million (EUR 2.5 million) in opening a Regional Distributor Center in Sofia, which currently distributes pharmaceuticals and vaccines to more than 18 countries in Balkans, the Caucasus and Central Asia. I want to stress that it has been great investment and it has worked brilliantly for our development in Bulgaria and position Bulgaria as a key affiliate within GSK's map.

Can you expand on the strategic role that this Regional Distribution Center (RDC) plays in GSK's development in Bulgaria and in the region?

It is worth mentioning that the Bulgarian RDC is the first multi market warehouse that GSK has built and, due to its success, this model has been replicated in other countries – Indeed, we currently have five Regional Distribution Centers around Europe.

Concretely, our RDC here has been continuously expanding as well as growing and it has played a crucial role in the current positioning of GSK in Bulgaria but also in the region. In fact, we have recently added more countries in our distribution coverage and we are currently expanding our cold chain as well as cold storage capacity for vaccines.

As one of the Big Pharma companies with the largest portfolios, what therapeutic segments will you focus on developing to generate new sources of growth and value-creation?

We are currently in the process of moving from our older genericised portfolio to our newer assets which we have launched during the last four years.

Firstly, respiratory is a clear example of this product portfolio refresh and we have already launched in Bulgaria three innovative brands in this area since the beginning of 2015 while we expect to launch two more in the next two years – respiratory is an absolutely key area of development for us.

Secondly, vaccines is a core area of GSK globally and this is also reflected in the Bulgarian affiliate. Specifically, GSK has more than 80% percent market share of vaccines in Bulgaria. We are therefore the largest vaccines player in the country both in terms of market share and broadness of portfolio – We have been particularly successful in this front over the last two years. As a recent example of our leadership in this regard, we have partnered with the MoH for the introduction of a new national vaccines program to target rotavirus diseases, which is 100 % reimbursed and it is performing brilliantly with thousands of new-borns now being protected against Rotavirus.

Thirdly, one of the therapeutic areas that, despite being small in our business, we want to develop is HIV. Indeed, we have already introduced some new molecules to target this disease – Unfortunately, HIV is one of the least developed therapeutic areas in Bulgaria. It is worth to mention that the NHIF is well funded to target this disease but the existing inefficiencies in the system impede the optimal outcomes for HIV patients. As a member of the Bulgarian Association of Research-Based Pharmaceutical Manufacturers (ARPharM) we are partnering with Partnership for health, the authorities and HIV centres in order to optimise the procurement system and ensure that as many patients as possible have access to cutting edge new therapies.

What is your assessment of market access in Bulgaria and its openness to innovation?

Resources are scarce and limited funds from public health insurance funds is a global challenge. Pharmaceutical companies play a crucial role in ensuring the financial sustainability of the healthcare systems and the industry is actively pursuing this role. Pharmaceutical companies are not just drug manufacturers but they also have a social purpose.

Having said that and expanding on Bulgaria, the level of innovation introduced in the system over the last years across many therapeutic areas such as hepatitis C, oncology, HIV, and respiratory diseases has been a leap forward. However, at the same time, the Bulgarian healthcare system is unable to cope with this innovation in a sustainable way while the Bulgarian patients have the same rights like any other patient in Europe to access to the latest innovations. This is not an easy equation to solve and it needs the active cooperation between industry and government.

On one side, it is a reality that the government is doing great advancements in enlarging the market access in a more structured way and the introduction of Health Technology Assessment (HTA), besides having to be further optimized, is a clear example in this front.

On the other side, the industry is also supporting through offering several discounts such as rebates and additional ones to reduce the gap of co-payment – which is the second largest in the world after the US. Concretely, there are several medicines in which GSK Bulgaria is covering the whole co-payment gap in order to ensure the access of the patient to such drug.

On top of that, and this has to be acknowledged, the current reference pricing model in the country ensures the minim price in Bulgaria across all Europe – which somehow also embeds discounts. I have to say that such combination of reference pricing system and several discounts is putting the industry in a very challenging position to offer innovative solutions in a sustainable way.

Parallel exports are mainly a consequence of the existing low prices for medicines in Bulgaria. As a national pharmaceutical leader, what are your conclusions in this regard?

It is true that this level of prices is encouraging parallel exports, which represents around 10 percent of the total pharmaceutical value in Bulgaria and in some cases, is jeopardizing the patients' access to highly needed treatments. However, these parallel exports are both legal and illegal – the area of focus is the latter being around 50 percent of such trade. The current situation is that the industry is providing adequate quantities to supply the Bulgarian patients' demand and big part of this supply disappears in illegal parallel exports to Germany, Netherlands and other countries.

I believe that the state has to play its role there and act as a gatekeeper of the system implementing some legal controls around this issue ensuring the patients' access to high quality medicines. Aligned with this, the government has introduced a new law that aims to better regulate the drugs supply chain but it needs to be further developed.

From your perspective, what is the solution that should be placed?

Through ARPharM, we are proposing to change the reference pricing from the lowest to the average of the three countries with the lowest price. Additionally, the whole supply chain needs to be strictly regulated and monitored by the MoH and the BDA in order to ensure that the issue with illegal parallel exports is effectively tackled.

The size of the Bulgarian market is small, with a challenging pricing environment, and certain instability. Why in these conditions do you feel companies should pay more attention to Bulgaria?

Bulgaria still has growing prospects. We all have to deal with the challenges of the country such as the funding of the NHIF which is a real issue we need to acknowledge. A very important factor is the fact that authorities are open in collaborating and working with the industry and we as an industry feel we are being listened to. Additionally, the country has a very attractive balance between cost of employment and a good level of skills and capabilities. There is a new generation of people that is coming in with new ideas and different level of education and mindset that will definitely move things forward at a faster pace.

That is why we are happy that GSK invests in education and continuous improvement of young specialists working for our company in Bulgaria, as well as in the education and specialization of young doctors, to assure that they will stay and work in the country.

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