

Interview: Rytis Naginevičius - Director, SoftDent, Lithuania



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Rytis Naginevičius, director at software development and market analysis specialist SoftDent discusses the company's targeted solutions for the pharmaceutical and medical industries.

You have a quite unusual profile with no healthcare background before you founded SoftDent in 1998. What are the needs that you identified that made you switch to this industry and create the company?

The roots of the company go back to 1994. At that time, after some years working in the US as a programmer, I was developing my professional career as a scientist in the Lithuanian Energy Institute in which I had the opportunity to broaden my knowledge. It was at that time when my ambition to found my own business started.

In this frame, in 1998 I met a friend with a background as a physician and we started to develop specific software solutions such as Customer Relationship Management (CRM) for pharmaceutical companies to support their operations in the Baltic States. I quickly got attracted to that world and, based on my passion, I founded the company that quickly brought results with CEOs coming from other countries to see my work.

At the beginning of our history, I targeted our solutions to the dentistry sector since they have the financial strength to purchase our solutions. Indeed, this is the underlying reason behind the company's name. However, despite the economic power of this segment, I rapidly concluded that

dentists were not commercially attractive since dentist professionals, at that time, did not perceive the value behind our IT tools. Hence, I took the decision to strategically turn our solutions offering to the pharmaceutical industry with BMS as our first client, which was a great flagship amongst our clients' portfolios.

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Thus, one thing led to the next and I started to develop new functionalities and programs beyond just being a CRM such as secondary sales analysis. Indeed, after five years, I am delighted to share that most of the industry was already using our software.

In parallel, in 2003, I identified that the accuracy of the Baltics' pharmaceutical market analysis was far from being reliable because it was based on extrapolations from a quite reduced sample of only 55 pharmacies. Thus, I developed a new method of how to incorporate secondary sales data that raised the quality of Baltic market analysis, gathering data from national sick funds, pharmacies, wholesalers and hospitals. As a result, and since then, SoftDent has been also positioned as the leading company of pharmaceutical market analysis in the Baltic region.

Since our inception, we have been updating our offering with the latest technologies in order to ensure that we always meet our changing clients' needs through our software solutions as well as our accurate market analysis. That being said, my entrepreneurial journey at the forefront of the company has been full of challenges but we, as a team, have been able to overcome them and I am highly satisfied with the current positioning of SoftDent in the region being a considered as the partner of choice for most of the players in the Baltics' pharmaceutical industry.

SoftDent divides its business in two main pillars: software solutions and market analysis. What is the relevance of each division and where do you foresee more growth?

Market analysis is currently the main contributor to our revenues but I believe that its growth is somehow limited. In fact, this business strongly depends on our data gathering capabilities and it is really challenging to build up the same market analysis positioning that we have in the Baltics in other markets in which multinational competitors such as IQVIA are already strongly rooted.

However, in terms of growth, I remain really positive of our software offering with our recently renovated CRM – with some updates such as mobile applications – and other disruptive software solutions like Foxus® and e-Scroll®.

From your entire software offering, which ones do you believe that will be driving SoftDent's growth?

Foxus[®] and e-Scroll[®] are the software solutions that present stronger potential among the entire SoftDent's software offering.

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Firstly, Foxus[®] is an e-Health solution that enables the storage of patient and medical chart data in electronic format; it collects interesting patient data for pharmaceutical companies from doctors, who are the ones that prescribe the drugs, through a really user-friendly platform. Therefore, this software not only gathers very valuable information of patients but it also builds a very effective channel between medical representative and doctors with high level marketing information. This project initially targets private companies but at some point we will commercially approach national governments since this solution can be really useful for the efficient as well as sustainable use of the national sick funds.

Secondly, e-Scroll[®] is a disruptive marketing channel for companies to reach physicians in which, through a device, healthcare professionals access relevant news related to medical products, get information about ongoing conferences and seminars, enroll in medical education programs as well as peers discussions, among many other functionalities – Indeed, this device acts as an integrator of all that data that any physician need to develop his/her job. This tool not only supports pharmaceutical players to reach more directly as well as efficiently their medical professionals segment but e-Scroll[®] also helps physicians to carry out their job better and stay updated with the latest trends in their medical specialty.

One of the main objectives of the government is to develop an outcome-based reimbursement system based on e-health capabilities. What is your assessment of the implementation of digital capabilities in the country and how SoftDent's expertise could help the government to advance in this regard?

The government has been trying to implement e-Health capabilities since 2005 but, after more than a decade, they are still far away from the country's digitalization. I believe that the Achilles heel in the implementation of e-Health has been corruption and unfair practices when allocating public resources for this project – it is important to highlight that a significant amount of these resources has come from the EU. On top of that, there are many other challenges negatively impacting e-Health's implementation such as the very fragmented data in many different hospitals, the variety of systems used in the healthcare points in the country that does not allow the interconnection between them, and the low convenience of the current e-Health system in terms of usage.

Our application would be able to solve most of the challenges ensuring not only an accurate knowledge about the drugs but also the value that such medicines create to the society in terms of financial savings and better patients' life quality with very user-friendly software for doctors. Indeed, we have been proposing to the Minister of Health to connect SoftDent with the public data system to check out the feasibility of implementing Foxus[®] and the benefits that it would create in terms of more transparency of the system and better digital capabilities - But, again, we need the trust as well as the support of our government.

Since the financial crisis hit Lithuania back in 2009, the pharmaceutical sector has been steadily recovering, growing around 5.5 percent in 2017 and is expected to grow by 6.6 percent in 2018. Considering your vast and diversified pharma clients' portfolio, what should the industry do in order to continue positively performing in the future?

It is a fact that expenditure on healthcare in Lithuania is growing faster than the national GDP, which is already a good sign for the industry. In addition, it is also well known that the Lithuanian government is putting pressure on the prices of both innovative and off-patent drugs to enhance the financial sustainability of the National Health Insurance Fund (NHIF).

I believe that the big challenge is to align operations with the latest regulatory changes in order to successfully navigate in this developing but also more regulated pharmaceutical environment. Obviously, the strategies that each company would have to implement in order to capture such growth will totally differ according to each one's product portfolio.

Companies need reliable sources of market intelligence. Considering that SoftDent has the Baltics' largest and most diverse healthcare database, what types of insights are companies looking for the most?

Pharmaceutical companies value transactional information such as secondary sales and market share because such data already means economic value. Additionally, using our Foxus[®] solution, we already collect very useful data from the patients' side such as disease performance under a specific treatment, which is highly important data for companies in order to showcase the value added of their medicines to the government, physicians and key opinion leaders.

One of your priorities is to continue driving the internationalization of SoftDent. Could you explain to our international readers what have been the advancements so far and what are the next targets in this subject?

On one hand, as aforementioned, our market research services will not experience further internationalization beyond the Baltics due to the impossibility of achieving the same level of data gathering in other markets where there is already a global market leader.

On the other hand, our software solutions offer interesting scalability to other markets but I believe that we have to focus on those software segments in which the market is still not saturated and satisfied such as Foxus[®] and e-Scroll[®].

Firstly, in my opinion the internationalization of Foxus[®] should be based on agreements with public institutions but, to advance in this front, we firstly need a success story in partnership with a local government that will serve as a quality certification of our product to other governments. We are already developing some agreements in this front in Latvia and Bulgaria but these agreements are not still a reality.

Secondly, regarding e-Scroll[®], it is a common concern amongst the pharmaceutical industry that the way doctors want to be approached by companies is going more digital. Hence, e-Scroll[®] is at the forefront of this transition and it enable companies to fine-tune their commercial strategy according to the doctors' needs. In my opinion, this has an amazing future but, at the same time, needs a significant investment on the e-Scroll[®]'s device. My objective in this line is to gain as much experience as possible in Lithuania and obtain the financial strength to subsequently approach other companies based on satisfactory results and experience from doctors as well as other pharmaceutical players.

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