Interview: Rauls Velins – General Manager, Roche Latvia

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Rauls Velins, Roche's general manager for Latvia, introduces the company's longstanding commitment to the Latvian market, Roche's role in helping facilitate Latvia's new National Cancer Plan, and the potential for personalized medicine across the Baltics.

Could you please start by introducing Roche in Latvia and the strategic significance of the local affiliate?

Roche's presence in Latvia dates back a long time and we continue to view this country as a very sustainable and prospective market to be engaging with. After the company was forced out of St. Petersburg by the nationalizations of 1918, the strategic decision was taken in the early 1920s to establish an affiliate in Riga essentially as a back-door route for continuing to export into Russia. With business thriving, what had initially been purely a sales and marketing office was subsequently upgraded to include an in-country scientific laboratory and production site. Roche had sustainable growth until September 1940.

Unfortunately, in 1940, we had to vacate the market as Latvia was subsumed into the Soviet Union and private businesses were confiscated and expropriated by the state. However, we returned in 1993 following the restoration of Latvian independence and the reintroduction of an operating environment where it was possible to do business. Interestingly, this year, we will be returning to the historic property on Miera Street that we used to own in the 1930s. Our plan is to unite our pharma business and diagnostics operations under a single roof on these premises.

These combined actions signal and demonstrate that Roche is in Latvia for the long haul and is steadfastly committed to the country and its citizens. We are keen to send a clear message that we are not here just to make a fast buck, but have really put down roots, invested in hard assets and are working to shape and advance the nation's healthcare outlook towards precision medicine and Genome treatment.

How do you see the role of Roche Latvia in the Baltic Pharma environment?

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We have three strong, independent affiliates in each country. I'm proud to work together and cooperate with colleagues from Estonia and Lithuania. Our business largely depends on the State Budget and prioritization of healthcare needs inside specific markets. Given our rich legacy and historical roots here, Roche has a special connection to Latvia.

On top of that, the dynamics of the local market are much brighter than they have been in recent years when Latvia was still recovering from a severe economic crisis. That means that investment confidence is on the rise and the outlook is fairly favorable. Even the financial instability of Banks of Non-Residents hasn't influenced the Fitch Index of Latvia

Generally, when pharma multinationals determine where to place investments within the Baltics, they tend to follow a certain type of business logic. Companies that are Western in their corporate culture might feel more comfortable going through Estonia because the operating environment has Nordic/Scandinavian characteristics and a way of doing business that is almost Finnish in style. On the other hand, firms that are seeking volume sales will be more attracted by Lithuania's larger population and market size. Latvia offers an altogether different prospect. The country's industrial base and heritage in chemistry and chemical manufacturing translate into skilled human capital. The local Russian diaspora also means the Latvian market can be a good gateway from Europe into the CIS markets and vice versa.

Last Spring, Latvia launched a National Cancer Plan. As a leading vendor of oncological drugs, what was your involvement in facilitating this endeavor?

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In 2015, the Ministry of Health announced that they would be holding a campaign called "Oncology Awareness Year" to focus attention on the threat of cancer and, from an industry standpoint, this provided us with an opportunity to advance ideas that could radically improve the predicament of cancer patients. During 2015 and 2016, patient organizations collected more than 10,000 signatures to raise funding for oncology patients and submitted them to the Parliament. We facilitated the visit of Mr. Bergstrom, director of EFPIA, to the MoH. The visit resulted in a common letter that stated the need to increase funding for oncology medicines. Four working groups were established. Roche employees together with other companies are involved in all four groups. We also believe that EFPIA might visit the Baltic States more frequently.

When Patient organizations approached the Parliament to create an Oncological Patient support group, we supported this idea by discussing it with multiple stakeholders. We were encouraged by the results. We were aiming for the participation of possibly 5 to 6 deputies from the governing coalition and in the end we mobilized 26! That itself indicates the importance of the problem and coordinated actions are gradually beginning to sway hearts and minds regarding the importance of combatting this terrible disease and helping patients.

The Ministry of Health announced oncology as its priority, which was vital. As a company, we are satisfied with a number of the showcase achievements of the prevailing oncology plan such as the implementation of the “green corridor”. This is aimed at ensuring effective and timely diagnosis and treatment of cancer. According to this so-called Green Corridor provision, family doctors who suspect cancer in a patient have to refer this patient for primary diagnostic examinations within 10 working days. If the cancer is then confirmed, the family doctor has to request an appointment at a specialized cancer center for a specialist consultation and secondary diagnostic tests within another 10 working days. A first treatment decision has to be taken no later than one month after the first specialist consultation.

Equally important, is having an appropriate infrastructure to back up such actions and that means the existence of a “super laboratory” which is another area where we are noticing palpable progress. A super lab acts, naturally, as the first step into personalized healthcare.

Presumably this is precisely why Roche has been at the forefront of plans to establish a state-of-the-art pathology laboratory in Riga dedicated to oncology and the principle of preventive diagnostics?

That is absolutely correct. When Latvia assumed the rotating presidency of the Council of the European Union in the first half of 2015, Roche invited a delegation to our global headquarters in Basel that included both the Academy of Science of Latvia, the Ministry of Health and National Institutions such as the Latvian Institute of Organic Synthesis and the Latvian BioMedical Research and Study Centre. Once there, the delegation presented 4 concept ideas for scientific purposes, which our own in-house R&D division agreed to study in depth and develop further. One idea that came out of these exercises and was actually discussed in person at a meeting between the then Minister of Health and Roche CEO, Dr. Severin Schwan, was the proposal of a State of Art Laboratory dedicated to differential diagnosis in oncology.

The rationale was principally to create a lab of such a size, scale and elite technology that it would be regarded as best in class across the entire region. Instead of five regular sized labs this ‘super lab’ would become a hive of activity and magnet of expertise in oncology drawing in regional patients. Moreover the focus would be on early diagnostics, precision medicine and personalized treatment of cancer patients. The great news is that this vision is now in the process of becoming a reality. The project has been costed at EUR 5-8 million with EUR 1 million already budgeted for first phase implementation later this year. Everything will go through a National tendering process so we don’t yet know what will be the extent of our own participation, but we are very proud to have contributed to the initial conception of the idea. We are very confident that this initiative will be of great material benefit for Latvian patients.

The industry is moving from a ‘one-size-fits-all’ philosophy of drug treatment to a much more personalized approach involving biomarker-based diagnosis and significant differentiation within a single disease. How ready is Latvia to embrace such steps?

Latvia is increasingly ready to make this step and the super lab is proof of how seriously the authorities are taking the principles of precision diagnosis and personalized treatment pathways. Right now, Roche is in the process of rolling out our Foundation Medicine (FMI) services across Europe. What that actually means is that we will be assisting oncologists to choose the best individual cancer treatment based on a patient’s unique tumor mutation profile.

As a company, we now have the capabilities to determine cancer driving mutations through next-generation sequencing of a patient’s tumor biopsy and comparing that mutation profile with 125,000 anonymized tumor profiles currently stored in our proprietary tumor profile database. Moreover, the information is grounded in self-learning algorithms that analyze cancer drivers, affected pathways, results from ongoing clinical trials and drugs that have helped patients with comparable genomic contexts.

Crucially this new lab will be able to support our FMI services and that can potentially have a dramatic impact on rendering Latvian cancer treatments more effective and efficient. Right now, our calculations are that, with more precise diagnosis, some 70 percent of cancer treatments given to patients might become more effective. One could conclude that we might significantly improve clinical outcomes and reduce wastage of public money. Rectifying this scenario will be a massive step forward. This might change HC landscape as tumor treatment will not be based on localization but Cancer Gene mutations.

What is your assessment of the prevailing healthcare reforms underway?

I'm very optimistic. Huge success of current Health Minister Anda Caksa is Mandatory health insurance, as stipulated in the Healthcare Financing Bill. This is most definitely a step in the right direction in enhancing access to treatment. Many governments talked about this in the past, and finally we now have an administration that has actually done it. Still, we have a lot of catching up to do. The out-of-pocket payments ratio remains way too high; 40 percent of Latvian patients lose a substantial part of their life savings to medical fees in their old age, simply because the state cannot provide for them and this is obviously unacceptable for a EU member state. Now the situation is fortunately changing as the national economy is growing at around 4-6 percent and steps are being taken to inject new capital into public healthcare.

Implementation of the e-health agenda, however, has been much less impressive. A lot of money has been spent, but the results so far are just digital documents. Personally, I believe it would have been better to look to Finland's or Sweden's already existing e-health systems rather than trying reinvent the wheel for a third time. We should have also been willing to bring in experts from abroad to advise us on the design and implementation.

Looking ahead, what are your plans for further developing Roche's Latvian Business?

Our main focus will be in oncology and rolling out FMI services including Artificial Intelligence so as to differentiate patient needs and enable targeted therapies. We are committed to being the number one company for immunotherapy in this market. We also identify great opportunities in the neurology segment and in particular in treating multiple sclerosis where the gap in quality of treatment between Western Europe and the Baltics is fast diminishing. I believe that Roche Latvia could be an example of excellent synergy in combining efforts of Roche Diagnostics and Roche Pharma in doing what patients need next. The direction this market is heading in gives good cause for optimism and we are expecting double-digit growth figures in strategic products and a steady turnover of broadly EUR 20 million in upcoming years.

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