Interview: Salvador Lopez – General Manager, Mundipharma Portugal



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Salvador Lopez saw an opportunity in the summer of 2015 to create the first Portuguese affiliate for Mundipharma. Three years on, he reveals how their business model, company culture and leadership has succeeded in disrupting the respiratory market with their blockbuster drug Flutiform, built the fastest growing subsidiary in Portugal and developed an excellent partnership with authorities. While touching on market trends, Lopez affirms Portugal's reputation as the 'European Silicon Valley,' and invites readers to learn about the bubbling start-up and pharmaceutical landscape in Portugal.

What was your mandate when you established the first Portuguese affiliate for Mundipharma?

In 2014, Mundipharma confronted a challenging market that had been heavily impacted by the Troika economic crisis; the healthcare system, in particular, faced many constraints. We were unfortunate in not being able to obtain reimbursement for our products-not only because of the crisis but also because we did not have established operations here in Portugal. Portugal is a country that values a local presence, and the investments companies make within the geographical borders. My mandate upon establishing the affiliate here was to kickstart operations, strengthen the business model and blend a company culture influenced by Mundipharma globally, yet specific to Portugal.

The establishment of the affiliate began off the back of a phone call with a distribution manager in Portugal in July 2015, regarding the sale of our now key growth driver, *Flutiform*. I presented a business case to the European leadership team, which was in turn, discussed on a global level with the US leadership in August 2015. I was successful in obtaining project approval and between October and November, I hired five talented teammates who decided to follow me in this adventure. By December, we had 15 fast-thinking sales reps on the ground, ready to bring the drug to market. The speed at which we assembled the team shows how agile and responsive the Mundipharma brand can be to market activity and shows the potential for growth and ambition in the Portuguese market.

How does Mundipharma Portugal differentiate itself from its competitors?

Mundipharma focuses on the bottom line; we deliver profits to all shareholders across the company structure while faithful to our purpose of improving the healthcare system. We also employ fresh thinking to what is considered a traditional industry. Since founding, we have engaged a start-up philosophy whereby we outsource workflow streams that do not directly influence the progression of the business here and maintain critical focus on our internal objectives. We began with a lean organization, and once we gained traction from product sales, we grew the team rapidly. Within one month, we went from five permanent staff members to including 15 sales reps; we now employ 30 people in Portugal with a strong ambition to keep expanding at a sustainable rate. We believe that a targeted selling business model and the use of data analytics is more profitable than a share of voice business model and the usage of large sales teams.

At Mundipharma, we are agile and can take quick, effective decisions; this explains why we are capable of disrupting the market and rolling out operations efficiently. The progression we have had manifests in our revenues. For example, the target in 2017 was 1.846 million euros, yet we achieved 2.6 million in total—which equates to a 140 percent increase; and in 2018 we intend to grow roughly 130 percent.

I try to convey this message every day to my team: we must deliver results as our reputation is on the line. We build confidence in our business environment based on our performance year on year and run a commercially driven, results-oriented strategy. We are focused, embrace new technologies and are creative in our problem-solving. At Mundipharma, we have a combination of the best talent on the market and excellent company culture. To add to that, the market in Portugal offers tremendous potential for rapid and sustainable growth. Indeed, the affiliate in Portugal is one of the fastest growing in Europe.

We have developed a reputation as a disruptor, particularly in the respiratory market—a market dominated by two pharmaceutical giants—as the status quo of low penetration and monopolization of the market has faded away with our entrance into the market. But this has just started. After this summer we will launch *flutiform* ***k-haler®***, a novel aerosol device with a simple breath-triggered mechanism (BTI), activated with a low inspiratory force, which is designed with the aim to make it easier for patients to use correctly and reduce the handling mistakes. We believe this device will become the gold-standard treatment for asthma that will improve drug delivery, the adherence to treatment and will reduce the overall costs of the disease. We are changing the game in Portugal and shifting the paradigm.

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What does this mean for growth drivers and product launches in coming years?

Our main focus for 2018 is to enter a competitive market: chronic diseases and within that sphere, diabetes. We take pride in entering this market as the government allocates roughly 8 to 10 percent of health expenditure to this end; and at Mundipharma as innovators, we intend to revolutionize the space, enabling savings for all stakeholders. We will launch INVOKANA® / VOKANAMET®, a new agent in the SLGT2 inhibitors class in Portugal. This innovator class reduces the cost of current treatments, not only regarding disease cost, but it also seeks to impact two chief concerns for physicians: weight and cardiovascular protection. We are very proud to launch this product in 2018 to assist the healthcare authorities to gain efficiency in the diabetes treatment.

Mundipharma is the leading company for biosimilars in Europe, and 2019 will be the year for Portugal to include these drugs in our portfolio. Launching our first asset in 2019 and the following one in 2020, is heavily linked to our strategy of being a partner of choice to authorities across Portugal. We want to reduce health expenditure and enlarge the volume of patients who have access to innovative drugs by offering more efficient alternatives to current options.

How do you position Mundipharma in Portugal?

At Mundipharma, we want to become the partner selling organization and want to be recognized as the partner of choice for authorities. We are not divided into therapeutic areas and instead work on commercial platforms which are specialty driven primary care and specialty. Our purpose is to leave a better healthcare system for future generations. This is what motivates each of us every day and that is what we strive for: empowering the current generations of physicians with the tools to provide a more efficient health service to their patients. This aligns perfectly with the mission of

our governments: to deliver a more sustainable healthcare system that improves quality of life for all people. Given our shared and vested interest in this aim, our approach is to bring innovative products that proffer an added value to patients, physicians and payers. The authorities acknowledge our drugs as valuable given the positive effect they have on patients; along with the long-term cost reductions, they accommodate for the capacity to offer a larger volume of production at a lower cost.

What challenges do international companies face in Portugal?

Firstly, I would like to emphasize that I am proud to work in pharmaceuticals and to be able to contribute to the health service; the industry is unfortunately sometimes not well perceived but we know that our collective focus is to sell products that save and improves lives for people in sectors all across the world.

Concerning the improvement of a healthcare system that shows excellent potential, we would like to request that the authorities consider implementing more agile decisions during the reimbursing process. We see fantastic progress in facilitating access, although we still face an uphill climb in ensuring that more drugs are reimbursed efficiently. Inherent to the healthcare system is an acute need to tone down the levels of bureaucracy and embrace a more practical, streamlined system. Occasionally, discussions on drug pricing consult different pharmacoeconomic studies before the conclusion, and the difference between the proposal and listing price is similar, although the delay can be long. The time constraints hinder progression and stifle innovation. I would like to be able to prove the value of the drugs we bring to market and work on planning, transparency, and certainty in the healthcare system.

We –authorities and industry- should partner more to shorten the time to patient of innovative drugs as they have proven the benefits for patients and for the sustainability of the health system. That means not only to facilitate the access but also the implementation in real life removing barriers and boosting the efficiency. Every partnership starts with trusting the partner and looking for a win-win situation. Mundipharma is willing to lead this path.

How important were the awards you received in 2017 for the development of the affiliate?

I was delighted to be rewarded for gender equality and to be labelled as one of the top companies to work for in Portugal 2017, our first year in the market, and in 2018 as the Best workplace in Portugal leading the national ranking among all categories. These awards are vital for attracting new talent at Mundipharma. We are growing and attracting new talent all the time and must

continue because we intend to achieve 50 million euros of revenues by 2022. Business is performed by people, therefore, we need the best talent in terms of ambition and motivation.

Each person at Mundipharma is unique, and with a strong and diverse team, specialized in various fields, we will be ready for the future—whether it brings machine learning, cognitive computing, artificial intelligence. We are prepared all these advancements within pharmaceuticals because we know that they will change the face of the industry and how we operate on a daily basis.

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What makes the company culture at Mundipharma unique?

Mundipharma globally has nurtured a culture of entrepreneurship and autonomy in management which renders the business more streamlined and efficient. Indeed, we treat every employee as if they were their own CEO, and therefore our people know that the ability to make one's own decisions, and reacting to local needs translates into domestic triumph. Whereas some competitors in the pharmaceutical industry are leaving Portugal because they do not understand the market, we are investing in the country, generating jobs and creating wealth for the economy. The authorities recognize our efforts and see Mundipharma as a potential partner.

The culture at Mundipharma ties into what keeps me motivated on a daily basis. When I leave this world, I want to see a better health system in place than what I found when I came here—that is my purpose and the people that join Mundipharma understand this admirable goal. We have employed the right people throughout the Portuguese affiliate's history; people who are willing to strive for this purpose and create a better and healthier world.

Portugal is experiencing a revival with the best GDP growth in a decade and a thriving start-up sector. What is your assessment of Portugal's pharmaceutical outlook?

Portugal is one of the best-positioned countries within the EU for development and growth. Portugal has built a name for being the 'European Silicon Valley,' and the government prioritizes investment and consequently, the startup environment in Portugal is booming. At Mundipharma we are following suit: we invest in start-ups whether they be data analytics or business intelligence services, and also we are collaborating with the technology giant IBM for the launch of the first artificial intelligence (AI) health project in Portugal in diabetes which will inevitably lead to cost-savings for this complex disease. With IBM and medical authorities help, we intend to co-create virtual assistants who will identify specific conditions for individual patients and will advise and provide the physicians with the appropriate treatment plan according to all scientific and economic

information available and up to date. We shall launch this project by Summer 2018.

Portugal is a country that has the geographic conditions to attract talent, and the authorities' focus has switched to this end. The government has created an exciting investment and business environment, and attractive fiscal incentives for new businesses attract and retain talent in Portugal.

Given the size and geography of the country, Portugal is suitable for pilot projects. Indeed, our diabetes W.AI-Di project will test in Portugal before escalating and exporting to the rest of Europe. Research projects including real-world evidence-based developments can be performed easily, quickly and economically in Portugal before extrapolation to larger countries. Portugal positions itself as the country of choice to pilot new strategies, to attract highly talented individuals and in the pharmaceutical industry, Mundipharma is well equipped to capitalize on these strengths.

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