Interview: David Valenzia – Territory Senior Partner, PwC Malta

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David Valenzia, territory senior partner at PwC Malta, gives his insights on the evolution of the healthcare industry in Malta as well as the key role of PwC in assisting local and global companies to successfully conduct their business on the island.

PwC is one of the leading professional services companies globally, working in most sectors. What type of services can you offer specifically to the life sciences sector?

PwC provides most of the professional services that the life sciences industry requires, ranging from the traditional audit and assurance services to the advisory practice that supports companies with transactions, corporate finance, consulting and project and process management services. PwC works closely with the pharma and life sciences companies across a broad spectrum and corporate maturity levels, not least start-ups, who request our services to improve their performance by increasing efficiency and effectiveness of key business operations.

In Malta specifically, many of the pharma and life sciences players are clients of the firm. We are involved in providing assurance services, tax advisory services, transactions and consulting services. In terms of the consulting services our work is primarily focused on assisting clients meet their key business challenges. Companies within this sector need to innovate continuously and to manage effectively the processes to ensure the provision of cost effective medicines. At the same time, we know regulators, payers and patients demand greater value for money, more transparency and access to information. In an effort to address these demands we help our clients evaluate strategic options, improve management and control and identify cost saving initiatives. Complementing the consulting practice is the tax advisory services, which has developed a strong presence within the local pharma and life science sector.

How would you assess the evolution of the industry over the years?

Traditionally, Malta is a trading nation. The pharma and healthcare sectors started mainly as an importation activity with many family-owned distribution and wholesaling companies supplying the local community. Tax and other incentives to promote industrial activity in Malta have existed under various laws and schemes since the late 1950s. Later on, in 2001, prior to Malta's accession to the EU in 2004, the *Business Promotion Act* was introduced to further attract manufacturing companies including pharmaceutical players. Malta was particularly interesting for generics players who were encouraged to set a manufacturing plant in Malta given the favourable transitory arrangements coupled with Malta's application of the Roche-Bolar Provision. One of the newest industrial estate in the country, Hal Far, gathers many of the pharmaceutical manufacturers. The industry is also supported by a strong network of service providers. Nowadays, the pharmaceutical industry is seeking to increase the added value of its operations by inserting more innovation and R&D into their manufacturing activity.

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From your perspective, what are Malta's attractive features for pharmaceutical companies?

Recently, we started to experience a transition away from the manufacturing activities to a more pronounced investment within the research and development sector including quality processing and production monitoring. This shift reflects to an extent the people skills the Island is developing. Indeed, Malta does not have any natural resources, so an important part of our attractiveness lies within the educational system and the quality of graduates who are motivated to develop their career in the sector. Our forward-looking educational system is forming the right talents who in turn equip the industry with a workforce who not only is dedicated and loyal but also commands strong work ethics. Complementing the factors outlined is Malta itself, which offers several advantages such as a pleasant climate and lifestyle, a strategic location within Europe, a safe environment and its official language – English. Therefore, we believe the Island can attract more foreign companies and talents in this important sector.

What do you see as the future trends in the healthcare sector in Malta?

In our opinion, there is going to be significant disruption in the way we handle business relations spurred largely by advancements in technology. Indeed, we believe the way we will interact with our partners, other businesses, and end-consumers will continue to change rapidly.

We are also seeing an evolution in the way companies invest in technology. Indeed, with the fast pace innovative technology, companies investing today may still be potentially overtaken by their competitors in a relatively short period unless these investments are continuously renewed and refreshed. Companies and people who embrace technology will be able to trade and do business on a much wider spectrum than was possible before. In Malta, the Government is currently focusing on a national Blockchain technology strategy. To this end, Government is in the process of introducing adapted regulations mainly for initial coin offerings and cryptocurrencies. Blockchain technology creates unique opportunities to reduce complexity and to create secure and immutable information, which are considered critical milestones within the healthcare and pharma industry. PwC is keenly embracing this innovation and has developed strategic and implementation capabilities to help companies take advantage of this transformative technology.

How is PwC establishing itself as the partner of choice for all companies wishing to enter the market?

In Malta, PwC has established itself as the top professional services company due to high-quality assistance our team has provided to the market in a consistent fashion over many years. We are consulted when important issues arise and are involved in most local activities related to the financial and regulatory areas. As we are constantly evaluating the impact of new regulation in various sectors, we are also for example able to assist the new medical cannabis operators who are interested in setting up operations in Malta by assisting them in structuring their business and in reaching out to Malta Enterprise and local banks. Moreover, we have invested resources to create local thought leadership reviews on for instance healthcare delivery in Malta and on the cost of adult obesity of the Maltese population. These initiatives are supported by the health authorities and appreciated by the industry.

You have recently been appointed as the Territory Senior Partner. What are the key priorities that you have set for the company under your tenure?

As mentioned, PwC is the largest professional service organization in Malta and our main priority is to maintain our leading position within the local market. Our strength is reflective of our years of experience and our clients that encompass a large percentage of companies in Malta across a wide range of sectors. In terms of business strategy, we believe that by listening to the needs of our clients we will be better placed to adapt our work to the ever changing environment and challenges ahead. Our strategic intent is to offer not only our traditional services but also more technology-related services. In small markets such as Malta, clients may face difficulties in sourcing the expertise required to sustain their business. Service providers are able to assist them in this respect and our priority is that of helping our clients to handle the technological disruption in the most robust manner possible.

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To do so, we are aiming to continue investing in our people and talent. We currently have around 650 employees in Malta and we are constantly growing. People are the single most pressing challenge, so we are approaching it through innovation by for instance improving processes and systems in order to do business in a more efficient manner. To this end, we have invested in “The Hub” – a new state of the art building where users can experience, learn and innovate. This exciting project goes beyond the traditional classroom training in that it provides a springboard for the creation of collaborative solutions. It provides an executive area that focuses on re-imagining the future of the business. This unique environment will enable us to sit down with our clients for a few days and design a prototype of their solutions. So far, we have received a lot of positive feedback from many of our clients on this new initiative.

On a more personal note, what keeps you motivated to work for PwC after so many years?

My motivation comes from the many experiences I have savoured over these last 30 years. Indeed, the Maltese environment has been constantly evolving and our various missions have become increasingly complex and more interesting through time. I have been learning a lot and working with very talented and skilled people. I can also see that we are making a difference in Malta, so I am lucky to have chosen this career path. Building on from the strong reputation we have on the Island, we must continue to identify what the market needs and invest in our skills and talents, which is a new mission that I am enjoying. Indeed, Malta is partly victim of its own success as the economy has grown rapidly and while talent has been on the increase, it has moved at a slower pace, resulting in a talent gap that at times may prove difficult to address. Thankfully, as a global organization, our network allows us to find the right talents and I am looking forward at welcoming them to my team.

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