

# Jānis Meikšāns - General Manager, Teva Hungary

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26.11.2019

Tags: [Hungary](#), [Teva](#), [Generics](#), [Biosimilars](#), [Pharma](#)

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*Jānis Meikšāns, newly appointed general manager of*

*Teva Hungary, speaks about his first few months in the country. Meikšāns goes on to elaborate on Hungary's key positioning as a strategic affiliate for Teva with strong R&D and manufacturing operations. Additionally, he highlights Teva's longstanding commitment to the country not only as a key investor but also a partner to the healthcare system through providing value-added generics in key therapeutic areas such as cardiology.*

## **What have been your first impressions of the Hungarian market since arriving from the Baltics in June?**

The most obvious difference in the markets is the size. The population of the three Baltic countries together is a little more than six million compared to Hungary's nearly ten million. Of course, this correlates to a larger pharmaceutical market. On the other hand, there are also many similarities. Like most markets in Central Eastern Europe (CEE), there is a need for more funds to be allocated to healthcare. We also see the same risks in sustainability to the system as expenses increase at a much faster pace than the GDP growth.

The solution for this challenge could be the generic tradition and innovative yin and yang; the lower prices of generics sustaining the rising costs of innovation. However, this mechanism is starting to become stalled as generic price erosion is close to the bottom line. There is very little margin left to squeeze from generic products, yet the necessity for innovation is continuing to grow. Many of the new biologics which are in the pipeline of the pharma industry are coming to the market soon and they are rather costly products. Just like in any other market in the world, the Hungarian government must face this challenge and we still do not have a concrete answer.

### **How is Teva Hungary positioned in the market?**

Teva is one of the largest generic players in the Hungarian market. However, Hungary is still a branded and branded generic market. The substitution at the pharmacy level for cost-saving is not widely executed or perhaps even encouraged enough from the government side in order to reach a desired balance. Teva delivers medicines to the highest number of patients in Hungary, making us the greatest saving organization for governmental funding in the healthcare system.

Teva is also one of the largest pharmaceutical producers here in Hungary, which is absolutely valued by the government. Often people perceive Teva as a local Hungarian company comparable to the likes of Richter Gedeon and Egis because of our longstanding presence and investment in the country. Our large manufacturing footprint in Hungary does not only serve the domestic market but also has a major export activity which is very beneficial to the economy of the country as well. Teva has created jobs for nearly 2,000 Hungarian citizens, and in cities like Debrecen we are one of the most significant employers.

### **What makes the Hungarian affiliate such a strategic location for investment from Teva?**

Over the past decades, Teva has been growing through an aggressive M&A strategy, which is also the case here in Hungary. Therefore, the size of the production capacity of Teva in the market is very impressive. The efficiency of our operations in Hungary has positioned the country as one of the strategic hubs of Teva for providing drugs to other markets as well. Hungary supplies drugs to the typical export markets across Europe and even the US.

Teva is now approaching the end of its two-year restructuring period, part of which consisted of the decreasing of the number of production facilities globally. Growing primarily through M&A is not always the most efficient in the long term because a company will end up with more facilities than

necessary. According to Teva's CEO, Kåre Schultz, if a company the size of Teva was built entirely from the ground up, it would require significantly fewer production sites than we currently have. Having too many facilities impacts the cost of goods sold, so it is better to concentrate on manufacturing in the most effective and efficient places while closing others.

Unfortunately, this pruning strategy has also affected Hungary as we closed our manufacturing site in Gödöllő last year. Nevertheless, our largest production capacity remains in Debrecen where we are concentrating all efforts.

### **How will you ensure continued investments within the market at a time when Teva globally is cutting back?**

Luckily, I have taken over the affiliate at the end of this restructuring period, which means we will absolutely be able to continue our dedication to Hungary. Moving forward, the strategy is simple – we need fewer factories but with larger capacities. Our focus is on the strategic facilities that have robust technologies and skilled employees for further investment. Debrecen is an efficient location where we are increasing production and its significance for Teva globally.

Other than just the culture and beautiful country, Hungary is unique for its highly competitive corporate tax rates as well. With a nine per cent corporate income tax with additional tax releases for R&D activities, it is one of the most attractive destinations for investment in Europe. Furthermore, the highly skilled workforce and relatively large market size make Hungary a truly key market.

### **How is the company's portfolio reflected within the Hungarian market?**

Of course, an affiliate's local portfolio varies between countries and the market access conditions are important determinants of the products being offered. The same market strategies in countries like the US or Germany do not work for markets like Hungary and very niche products like monoclonal antibody immunotherapies are not accessible here. Our largest launch at Teva recently has been an anti-migraine medicine which has been quite successful in the US. Again, the factor of market access comes into play, which can be a challenge in countries like Hungary since having a lot of data on efficacy is more complex. Therefore, we are focused on having the utmost scientific data to help the health authorities make the decision on how to make this drug accessible in Hungary.

### **What key health trends are shaping Teva's product offerings in the country?**

Looking at the mortality data in Hungary, cardiovascular diseases are a major issue. Many patients suffer from high blood pressure and stroke, a big factor for its high prevalence being the Hungarian lifestyle. In fact, Hungary recently became the European leader for obesity with about 30 percent of adults struggling with the condition and another 30 percent being overweight. In Hungary, Teva's portfolio covers all areas of cardiology to meet this high medical need. As part of our philosophy, we are providing the best products for the best price in this segment.

### **How are generics viewed and valued by the Hungarian health authorities?**

Many Hungarian patients do not have a clear vision of what generic products are and the value they bring to the healthcare system. As a traditionally branded market, there are enough conversations about the difference between copy medicines and true generics, the meaning of bioequivalence, or the importance of generics in sustaining healthcare.

As the global generic leader, our mission is not only to provide medicines but also to educate society and help stakeholders better understand the benefits of generics for supporting sustainability and innovation in the pharmaceutical industry.

### **What role can Teva play as a partner to the health authority for raising awareness and building a favorable biosimilar framework in Hungary?**

Biosimilars are a topic I hope to hear discussed more in the conferences in which Hungary's healthcare stakeholders, particularly the government, are present. If we look at health expenditure budgets, we see that the top products for which healthcare systems are spending are biologics. Therefore, it is first essential to have a thorough understanding of the difference between chemically synthesized and biologic drugs.

Biosimilars will inevitably become important pieces of the healthcare system as no country in the world could possibly afford to pay continuously for the origination of a biologic drug. It is essential to find the solution to how biosimilars will be supported in the market while keeping in mind they are not simply copies of the originator.

Teva already has biologic products present in the oncology market. Just like we had a mission for chemical generics, our future focus will be to build awareness and educate society on biosimilars and the unique value that these products bring.

**What types of personal and managerial skills are required to keep a team fully engaged and motivated during such “transforming times”?**

Throughout their careers, managers are constantly evolving and adopting new leadership styles. What I have learned is that there is no limit to being open and honest. I often hold team meetings to openly discuss any topic, no matter how challenging it may be. Perhaps this comes from my background as a pediatric surgeon where I had to face the question of to what extent children should be informed about the procedures they will undergo. My approach to this was to always be truthful but deliver in a way that children could comprehend. As a general manager, I bring this with me in being sincere with my team as we are all working toward a common goal in the end.

**What objectives are you hoping to achieve in the upcoming years as the new general manager of Teva Hungary?**

At the first level, I am working very closely with my extended management team to invest my knowledge and experiences in them. We are bringing on many young people into the affiliate’s management board, so we should embrace this and help develop their skills rather than worry about traditional ideas of seniority. Next, supporting women in the company who have strong ambitions and talents is equally important. Looking at other management boards in Hungary, I believe that the affiliate could positively benefit from creating such opportunities to have a more balanced management team which allows for multiple perspectives and more idea-sharing.

**What has kept you loyal to Teva throughout your career?**

Tackling the challenges that the company faces is what gets me out of bed in the morning. Overcoming a necessary restructuring to bring operations back to growth is difficult but an ambition that requires high motivation. In a company like Teva, you can find leadership and team that are committed to achieving this goal and I am very grateful for the opportunity to be given a part in reaching our company’s mission.

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