Josef Kredba – Country Manager, G.L. Pharma Czech Republic



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Josef Kredba, country manager Czech Republic at G.L. Pharma, an Austrian pharmaceutical company, explains how the company has returned to growth in the challenging Czech generics market and shares his thoughts on market access and pricing conditions for both innovative and generic products.

You have worked in the healthcare sector your whole career and have now been at G.L. Pharma for a year. What have been your key achievements since taking up the position of country manager last November?

In 2017, after a period of growth, the Czech state authorities reclassified a specific substance that is present in G.L. Pharma's best-selling product in the country, including it in the narcotic group of products. This entailed the implementation of considerably stricter rules in the prescription of the drug and reduced its therapeutic use on the market. Consequently, the Czech subsidiary lost 30 percent of its total sales. In 2018 and 2019, our focus was therefore on compensating that loss with other products — mainly by strengthening the position of some that were on the market already —, and we succeeded. We reversed the trend, returned to growth in the Czech Republic and, in fact, exceeded our historical numbers.

With your headquarters, as well as manufacturing sites, in Austria, how would you assess the importance of the Czech affiliate for the global success of the company?

G.L. Pharma is one of the major pharmaceutical companies in Austria where it operates as a full-range manufacturer with two state-of-the-art facilities in Lannach and Vienna, which produce a wide range of medicines in all dosage forms with an emphasis on maximum quality and affordability. When it comes to exports however, the group concentrates on specific therapeutic areas. Moreover, G.L. Pharma has historically focused its internationalization efforts to nine countries in the central and eastern European region which together make up 25 percent of total sales. G.L. Pharma is well-established in the Czech Republic, where it has been supplying medicines to patients for over 30 years. As a result, the Czech Republic represents a larger share of total sales than can be said for a typical multinational pharma company in the country.

G.L. Pharma produces and sells unique brand-name products as well as generics in a broad range of therapeutic areas. In generics, where does G.L. Pharma stand in the Czech market?

In general, the penetration of generics in the country is relatively high, accounting for about 30 percent of market value and 50 percent of market volume. G.L. Pharma CZ has been focused to be present in four main therapeutic areas. In each of them, we are one of the major generic players, controlling a market share higher than ten percent. Among the four areas, psychiatry and neurology is our core business and has been driving the growth of the affiliate.

What makes G.L. Pharma different from local and multinational players?

Our main difference lies in the fact that G.L. Pharma is a manufacturing-based company. As most of our product range is manufactured in Austria, we control supply chain and can thus be more flexible to meet market demand while maintaining high quality standards.

Moreover, G.L. Pharma is a strictly private and family-owned company, which is unusual in the industry nowadays, and gives us the ability to take a long-term view, which cannot always be said for everyone in the industry.

Market access is a major concern for pharmaceutical companies in the Czech Republic. What difficulties has G.L. Pharma encountered when bringing drugs to the Czech market?

Regarding market access, the landscape is particularly complicated for innovators. In generics, it is a completely different story. We have not encountered any major issues when introducing generic products to the market. However, administrative costs are becoming increasingly burdensome. Registration and filing costs have been on a continuous rise. As a result, in the last two years, our regulatory costs have doubled. Additionally, the European serialization law has also negatively affected our cost structure. These issues are particularly being felt by small and mid-sized companies like G.L. Pharma. While we can influence our market performance, we have no ability to influence these costs.

It seems that health authorities in the Czech Republic recognize the importance of generics in order to improve the availability of treatment. What is your view on this?

On the one hand, authorities recognize the role of generics in making medicines more available and affordable for the healthcare system by introducing healthy competition. On the other hand, the state has not been successful in the price management of innovative products.

Putting price pressures on products that have competition is not hard to do. As a result, health authorities have relied heavily on this mechanism to control pharmaceutical expenditures. Unfortunately, this extreme price pressure sometimes kills competition, because, after several rounds of price cuts, companies choose to stop operating, leaving one or two companies in the market. This situation can reduce product availability since if they face production issues, it can lead to shortages.

Do you think the government has found the right balance between generics and innovative products?

I think there lacks a political vision on how to finance healthcare. While innovative therapies can greatly improve the lives of patients, they are terribly expensive. Deciding whether to allocate the same amount of resources to treat ten people with an innovative medicine, or thousands with a conservative treatment, is an incredibly difficult conundrum. Authorities have largely availed themselves of making these decisions, which have practically been delegated to physicians.

However, making these decisions is not the role of doctors. It exceeds their payroll and expertise. Their role, motivation and training are in making people healthy. There currently lacks a support system in helping them make these decisions.

Earlier this week, the government introduced the Health Strategy 2030 which tackles key issues such as health literacy, primary care, and prevention. What are your thoughts on this strategic framework?

My position is to wait and see. Before the strategy is translated into practice, I will remain sceptical. In the past, political representatives have failed to take a long-term view, focusing instead on the electoral calendar, not only in healthcare but in other areas as well. Of course, this issue is not only limited to the Czech Republic but affects democracies across Europe. Politicians are typically averse to introducing necessary but unpopular changes so as not to jeopardize their careers.

How do you feel associations like the Czech Association of Pharmaceutical Companies (*ČAFF*) contribute to improving the landscape?

I think the association is doing its best to defend the interests of the industry, and that Martin Mátl is the right person for the job.

The pharmaceutical industry suffers from a tainted image, and some politicians use the industry as a scapegoat for the woes of the healthcare system. Industry-wide communication efforts are crucial to dispel misconceptions and explain that we contribute to patients receiving effective, safe and affordable treatment.

Moving forward, what are your key priorities for G.L. Pharma in the country?

We have a huge task in front of us. As I said, we are strong in four therapeutic areas, and going forward our objective is to have significant market share in at least six by introducing interesting generic versions of originator drugs going off patent.

How do you stay motivated and how do you motivate your team?

Healthcare stands apart from other businesses as we can truly have an impact in people’s lives. To motivate my team, I try to remind them of our positive mission to improve people’s health. Moreover, it is also necessary to show them the way by clearly explaining the targets and how to get there.

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