

Eric Deschepper – Managing Director, Teva Pharma Belgium



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Teva Pharma Belgium's Eric Deschepper outlines how the global group's restructuring has impacted its Belgian operations, its realignment from a pure generics to a specialty pharma player, and how the company is uniquely positioned to help Belgium achieve its healthcare goals.

In April 2019 it was decided that Teva Pharma Belgium would bestow exclusive distribution rights of its generic and OTC portfolio to Arega Pharma. Is this a result of the company's restructuring strategy that was implemented by CEO Kare Schultz in 2017?

When current CEO Kare Schultz joined Teva in 2017 he saw the urgency to restructure the company. More than 14000 jobs would be reduced across each country and each department of Teva which was also the case for Belgium. Consequently, the next year we went from an organization of 125 employees to about 75 – or 40 percent reduction. This was quite difficult to swallow especially here in Belgium as we were already a smaller affiliate. We have of course worked closely with employee representatives and social plans were negotiated to help those who were no longer with the company.

At the beginning of 2019 when there was an evaluation of the company's global operations, each cluster within Europe was asked to make extra efforts to find new initiatives that could generate more savings. Therefore, in the second half of the two-year restructuring period, it was decided to split the generic and innovative business of Teva Pharma Belgium, giving the exclusive promotional and distribution rights for the OTC & generic business to a new company, Arega Pharma. Teva Pharma Belgium remains market authorisation holder of its OTC & generic portfolio and will continue to provide all the support to Arega Pharma to make this operation successful. But from now on, we can focus on our activities in the innovative business.

Arega Pharma was bravely established by my predecessor, as the alternative situation would have likely been that our generic business in Belgium would have been stopped altogether. This was a win-win solution for both companies to save this business area and Belgian jobs.

Up until then, 2017 was the most successful year for the affiliate in both generic and innovative business areas, so the decision to split the generic business was not due to poor results. However, if comparing the generic businesses across different markets in Europe, the Belgian business requires greater investments to support continuous promotion to HCPs and pharmacists which is necessary to succeed and overhead costs are relatively higher due to the small size of the company. This model is costly for the market size of Belgium, making the generic business less profitable than in other countries.

How did you manage to take on the role of managing director at this time of change for Teva Pharma Belgium and what priorities did you set in place to smoothly achieve this change in direction?

As a new job with new responsibilities, I had to first succeed in ensuring the passing of the generic business and team to Arega Pharma. Although initiated in April, this transfer was fully completed in October as it took time for Arega Pharma to obtain the necessary approvals for distributing medicines in Belgium.

Of course, I also had to make sure that Teva Pharma Belgium was prepared to take on this focused positioning in the specialty pharma sector. In particular, after the separation, there were gaps to fill in our Teva team as well. When two companies are merging there are synergies among the operations, but on the contrary situation, these synergies are lost and on both sides, this had to be compensated.

Furthermore, the two years of restructuring were quite demanding for the employees who stayed. Having to continuously adapt to an evolving situation is not easy, so as managing director I also had to reinstall the trust of our team.

As we are in the second month of 2020, what goals have you set for yourself and the affiliate in the coming months?

Now that the restructuring period has come to an end in 2019, there is a lot of enthusiasm within the organization. As we move forward in 2020, we will focus on reaching our targets for the year while simultaneously rebuilding our spirit and stakeholder trust in Teva as a company. 2020 is our opportunity to relaunch Teva's new branding and positioning within the constellation of the Belgian market. Here we hope to reconnect with our stakeholders through the core values of the company and show our commitment to the country.

While Belgium is a small market, we do want to play an important role for the company within Europe. In this new situation, Teva Pharma Belgium has now the opportunity to strategically build Teva's positioning in the innovative pharma sector across our three specialty therapeutic areas of CNS, oncology, and respiratory.

Teva is the world leader in generic medicines – naturally there must be a reputation gap among the health community when it comes to seeing the company as a specialty pharma player?

It is important to mention that Teva was set up as a company with a very strong strategy of acquisition. With so many mixing cultures it can be very difficult to have a homogenous image to the outside world, which is exactly why the new branding of Teva was developed. As a generic player, we used revenues to invest in the creation of innovative solutions – not just looking for the cheapest development opportunities – and as an innovator, we also contributed to access through affordable medicines. This unique dual positioning is Teva's key added value.

Since generics are less part of our strategy here in Belgium, we will focus on developing our image as an innovative pharmaceutical company and we already have positive recognition within the CNS area. Since 2012, we have promoted Copaxone[®], our leading product, in Belgium where before it was licensed to and marketed by Sanofi. Teva will continue to have a strong footprint in neurology and one of our main objectives for this year in CNS is to launch Ajovy[®], a medicine preventing migraine attacks in adults, in the market.

Teva's mission is to be a global leader in generics and biopharmaceuticals improving the lives of patients. Launching Ajovy[®] is an excellent opportunity to turn this mission into reality as Ajovy[®] can potentially have a major impact on the daily lives of patients suffering from severe migraine attacks. This is at the core of Teva's focus: supporting patients and improving their lives.

What are your expectations for introducing this new product to the Belgian market?

Aside from bringing better days to our patients, the first objective would be to have access to the market for Ajovy[®], which is not an easy task. This will be the first innovative product we are introducing to the market since the new access model was implemented by the current Ministry of Health in Belgium. Five years ago, Maggie De Block introduced the Pact of the Future, signed together with the industry, to improve the access of innovative drugs. Therefore, I hope we will be successful in our objective to obtain reimbursement of Ajovy[®] in Belgium.

While gaining access is the first step, we will also face competition in the market from other players who are looking to be present in the migraine space. Although we might be a small company in Belgium, we are aiming to have a major impact for migraine patients.

In your view, did the Pact of the Future deliver on its promises to create a more stable market landscape?

It is my feeling that in Belgium the generic and innovative sectors are too much pitted against one another. We have to make savings in the healthcare system by introducing more generic medicines which make room for specialty pharma, but overall, the growth of reimbursed medicines altogether is

only about two percent of authorities' net expenditures, while it still takes a long time to introduce new innovative medicines compared to most European countries. There is room for improvement and the current political situation we are in, with a government not in full power, is not making things easier.

The benefit of the pact was to offer insight into what the future will look like and how the industry can manage its business within a set budget. It was advantageous to know beforehand what the play-rules are, such as potential clawbacks resulting from exceeding the budget. However, the current situation is quite unpredictable, and we hope to see that a similar agreement can be made in the future to continue in this direction of transparency. Nevertheless, the initial Pact of the Future was not entirely successful and there is still room for improvement to be seen in the upcoming conversations between the industry and authorities.

How would you like to position Teva as a partner for healthcare in Belgium?

As Teva, we are in fact on both sides of the pharma industry. In the past, we have contributed significantly through our generic portfolio to deliver broad public access to medicines while helping maintain a healthy pharmaceutical budget. Now, we are delivering our added value through our innovative pharma portfolio. I hope the government can recognize this. However, I am still waiting to see the proof of the benefits for innovative pharma in Belgium. In particular, I would like to see an improvement in the complexity of the reimbursement procedure through more transparency.

Furthermore, I believe that patient associations should also be in the conversations of this market access procedure. These associations in MS and migraine are knocking on our door to bring our innovative solutions to the market. In particular, the effects of migraines are often underestimated, and I hope the authorities do not see this area as a nonpriority. I hope that bringing care to these patients will be fully considered by authorities; not only looking at the cost of these medications but taking into account the social and economic impacts of bringing these patients back to productivity.

How do you plan to keep your staff fully engaged and motivated as Teva moves beyond its restructuring into a brighter future?

We are a small organization and I believe it is more important than ever that we behave like a strong team; we are only as strong as our weakest link. Luckily, Teva Pharma Belgium already has a powerful team spirit even after the restructuring period we just concluded. As managing director, I want our employees to feel proud of their job and be happy to work for Teva.

As I mentioned earlier, Teva comes from a past of mixed cultures and I want to create a proper identity for the Belgian affiliate which embraces this diversity and is structured around the values of the company. Furthermore, now that we have completed our restructuring, I want to refocus on empowering our people through professional development once again. Investing in our team and helping our employees grow will be an important key to success for not only their individual career paths but also Teva's operations overall.

What legacy do you hope to have during your time as managing director of Teva Pharma Belgium?

The main job of a leader is to make people better. Empowering and developing people is one element, the other is collaboration and team spirit. These are the key to success and I hope this can be embedded in our culture. I want our team to feel respected and acknowledged for all the hard work and their contribution to the success of Teva Pharma Belgium. Those who went through the two years of restructuring should be recognized for their efforts and together we will celebrate our past accomplishments and successes in the future to come.

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