

Interview: Antonino Reale CEO, Daiichi Sankyo Italy



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Antonino Reale, who has managed Daiichi-Sankyo Italy for the last 12 years, explains the reasoning and strategy behind the company's almost total restructuring in 2013, including how this has given birth to a new, more agile organization with high engagement amongst its employees, as well as where he believes the future of the company lies.

When we interviewed you back in 2009, the company occupied the 73rd position in the Italian market, today it is ranked 48th, with turnover reaching ~67 million, five times what it was when you took office in 2003. How has the company evolved since 2009, weathering the crisis and emerging more strongly?

I would like to start off by saying that the Daiichi-Sankyo you met in 2009, is a totally different company to what you see today. At that time, we were focused on the primary care segment of our business. Our main customers were physicians, and specifically GPs. In 2013, looking at our internal pipeline, we came to the realization that primary care would not remain our core business, as the R&D we were performing had moved towards the specialty care sector. The first move to specialty care in terms of products came in the form of *edoxaban*.

As a result, we decided in 2013 to move away from the traditional "push" marketing model to a "pull" model, driven by the needs of our stakeholders. Specifically, it meant switching from a largely tactical approach to a strategic mind-set and to implement a new, more agile and flexible structure better able to respond quickly to all the external changes and challenges.

This was a tough decision, as we had to cut a large part of our human resources in Italy, but it was done in order to preserve the future of the company, and two years later we can clearly demonstrate that it was the right decision.

One factor, which was fundamental in the transformation process, was the decision to build the new market access team from the ground up. In other words, we did not switch old people into new roles, but concentrated on attracting and recruiting capable resources from the outside. The reason for this was that we desperately needed to obtain expertise in this new area.

We completed this turnaround in a very short period. In October, we had a first meeting of the new organization, and as you can imagine, the mood was tense and un-motivating. However, when we held a second meeting in December it was already much more positive than we had expected. Since then, the motivation of our employees has been continuously growing, and our internal survey has now demonstrated a 100% engagement level, with staff feeling empowered.

Today we are about half the size, in terms of human resources, to what we were before, but far more specialized and agile. Especially in the market access field, which we did not have before, we have been able to build up significant expertise and a high level of competency. This will be crucial when new drugs such as *edoxaban* will be launched, hopefully very soon. Finally, we now have regional teams, with different managers for the Northern, Center and Southern regions of Italy responsible for P&L of their area.

This entire experience has convinced me that, although the pharmaceutical industry has a very good mind for setting strategies, the crucial distinguishing factor for a company is not its strategy, but its execution of that strategy.

Daiichi's global growth strategy is centered around continued investment in the core markets of Japan, the US and Europe, as well as investing in emerging markets. What position does Daiichi-Sankyo Italy occupy in the crucial European structure?

I am glad you asked this question, because a few years ago Italy did not look like an attractive place to invest from our headquarters in Munich. The Italian Health Authorities, at that time, were not seen as being open to necessary change, and the potential for Italy was seen as limited.

This has changed rapidly in the last few years and it is also reflected in our headquarters's strategic view of Europe. Previously it was thought that the Northern European countries would be the growth drivers in the continent. This has changed dramatically, Germany remains our highest performing country, but Spain and Italy are now seen as two of the highest potential markets, with Italy as our number two potential market for NOAC. As a result, our investments are rising accordingly.

With more than 20% of revenues reinvested into research, Daiichi-Sankyo is far above the average in this area. What is the business environment like for an innovator in Italy?

I am very proud to say that Italy played an important role among the countries involved in the R&D plan for *edoxaban*. We were also the first country in terms of the highest number of patients enrolled in the registries projects. This has elevated our position amongst the European subsidiaries, and we have been allocated a lot of money for future R&D and registry projects. The quality of our scientists, especially in cardiology has never been doubted, however in the past there were some problems with the speed in which we could enroll new patients due to the long administrative processes involved, especially with regards to gaining approval from ethical committees. This has been solved. Our current approach is not to rely entirely on external CROs, and instead to use all our people in the field to cooperate with CROs on getting approval. We have found that if we rely completely on an external CRO, we lose the weight behind the Daiichi-Sankyo name and expertise. Additionally, CROs do not always have the knowledge or network needed to fix often small and technical, but crucial obstacles holding back approval.

One part of Daiichi-Sankyo's mission is to be an ethical, trusted and respected partner. How is the company following those values in its pursuit of both public and private partnerships in the country?

This is something in which I believe very strongly, not only from a commercial view but also because I feel it delivers indirect benefits to the company. We ensure that these values are followed through the implementation of many internal compliance checks. Partly because the specific 321 law in Italy requires us to perform checks, but beyond that, we have taken this to heart and formed a concept of trust and respect around it, which we believe very strongly in.

To attract partnerships, we try to be innovative, not only in our products but also in our services. I believe that today a company cannot simply market drugs. If we really want to be innovative we need to also provide services, to the physicians, to the end-users and to the payers. Passion is key here, if you want to be successful, you need to be passionate in your provision of services, that way you can develop new services which did not exist before, and for which the need was often times not identified before you provided it.

As an innovator, Daiichi-Sankyo supports the recognition of scientific talent in Italy, and one example of that is the Takamine Awards program. Can you tell us about the origins of the program, and its aims?

The program, I will admit, has its origin in our efforts to promote our Japanese roots a little. One of the initiatives we took last year was to contribute to the replacement of some cherry trees adorning the artificial lake in the EUR area of Rome, donated in the 60s by the Japanese Embassy on occasion of the Olympic Games. With this gesture, we also wanted to celebrate the one hundred-year anniversary of the original donation by Mr. Takamine, the first president of Daiichi-Sankyo, of

the three thousand cherry trees that still adorn the Washington Basin in the US. The opening ceremony was attended also by the Japanese embassy. After that positive experience, we decided to continue our cooperation with the embassy by creating this awards program, which recognizes scientific contributions in the field of cardiology.

Human Resources are of course crucial to reaching the ambitious achievements you have realized in the last decade. How do you promote a close level of engagement among your employees?

I think this comes back to the passion I was talking about earlier. To promote this among your employees it is important to show passion yourself in everything that you do. You cannot simply speak about it; it needs to be visible. The staff working here demonstrates their passion, and it is visible even to visitors to our office.

We also know that we have a complex organization with many people working in the same matrix, so to navigate this we hold many meetings amongst teams to ensure that everyone is aware of the latest developments, and to encourage the spread of best-practices amongst our employees. This way we engage people in day-to-day events. Finally, the most important practice for stimulating your employees to become passionate about their jobs is by empowering them. If they feel responsible and empowered, they will return that trust to you tenfold.

What is your vision for Daiichi-Sankyo over the next three to five years?

Three years from now, we will have successfully launched *edoxaban*. Beyond that, our future lies in oncology. Historically, and still up to today we are a cardiovascular-based company. Looking to 2018 and beyond, we will shift our focus to oncology, and our product pipeline is geared towards that shift. Today we have four oncology drug candidates in our pipeline, which are under clinical development in six oncology indications, I hope to have at least three ready for market access by 2018.

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