Interview: Bernardo de Rafael TÃ¶pfer, Iberia Country Manager, Orion Pharma, Spain

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Bernardo de Rafael Topfer, Iberia Country Manager, speaks about how middle-sized companies like Orion can use niche indications to their advantage in the face of strong competition from big pharmaâ??s most popular therapeutic areas, and explains that despite the mounting challenges over the past few years, Orion Pharma Spain has become an important player in several niche areas in the country.

What were your immediate priorities when Orion Pharma came to Spain in 2009?

Our first priority was to legally found the affiliate and establish relations with the relevant authorities, Spanish agencies, and the Ministry of Health to discuss our plans regarding product launches and our investment in Spain. The first product we planned to launch was levosimendan, followed by a sedative drug earlier this year. Rather than invest in production, this affiliate has established agreements with local companies to distribute Orionâ??s products as well as producing our products through local manufacturers.

Given the sharp contraction in the pharmaceutical market over the last four years, what changes did you need to make in your strategy?

When I started in the pharmaceutical business, the most important customer was the doctor. Today, doctors continue to be very important players but additionally administration has become crucial, meaning authorities in the autonomous communities, the sub-directors of local pharmacies, the Ministry of Health and local agencies.

From a market perspective, Spainâ??s Royal Decrees have reduced the market by â?¬5 million compared to 2008. The retail market has â?¬9 billion and the hospital market has â?¬5 billion. When we started, there was a normal structure in this affiliate with medical reps, brand manager, product manager, etc. Today, there are fewer individuals assigned to the field and we have allocated these vacancies to cover different autonomous communities for market access. We also have one person fully dedicated to collect key account payments, since as a hospital business our headquarters in Finland are not used to Spainâ??s lengthy payment times.

Do you think that this crisis has provided an opportunity for all stakeholders to rethink their organizational approach individually or collectively?

I do not think so. If Orion entered Spain in 2010, we would not have invested in this country. The government has taken a series of unilateral decisions for price cuts and reference prices with no time to react. These kinds of surprises are unpleasant for stakeholders and for foreign companies that want to invest in a big country like Spain. We have had a lot of changes, such as a 7.5 percent price decrease for proprietary products or a royal decree that doctors must prescribe by active ingredient.

This means that brand molecules are not valid anymore, and supporting the country has been difficult over the past three years.

We also realized that customers (doctors) prescribe based on the decision of the hospital director or head of the autonomous community. Therefore, if they believe a drug is too expensive or does not add value, doctors cannot prescribe. Consequently we add the heads of autonomous communities and the heads of hospitals to our target group. We showed them that our drugs, while expensive, save money for the system. Orion Spain has made a positive impression on KOLs, medical societies and other stakeholders.

How do sales compare today to 2009?

They have improved because of the strategy I just mentioned. However, despite the governmentâ??s authorization of dexmedetomidine, we must go through the pharmaceutical commission in each autonomous community, some of which are incredibly slow. Some regions have still not approved our drug. Therefore, why would we have a representative calling doctors if they still do not have the authority to prescribe the drug? It is far better for us to have our reps work directly with the autonomous community leaders to follow up with the necessary processes to speed up market access. Our reps are specialized and act more like key account managers who can visit either a pharmacist in the hospital, a doctor or a pharmaceutical director in the autonomous community.

Orionâ??s portfolio primarily consists of proprietary products in cardiovascular and respiratory, among others. How does a middle-size company like Orion manage to have so much success in some very big indications?

We have been successful by ourselves in niche markets like cardiovascular and sedative drugs. Our hospital drugs like levosimendan and dexmedetomidine have allowed Orion to be quite competitive. Big markets, like respiratory, where much larger companies are present, do not provide us the opportunity to compete. Therefore, Orion prefers to establish partnerships with local companies that have big sales forces for primary care with whom we can co-promote, giving us that competitive edge.

In that sense, Orion has much greater flexibility and adaptability than other companies in terms of choosing markets.

I never took big decisions in companies like Sanofi or Lilly, but from my perspective, being responsible for a small R&D company, it is quite easy to form agreements with local companies because they do not have a pipeline. These companies survive through partnerships with R&D companies like us. In that sense, it is quite simple. We do not have the complicated bureaucracy that comes with big companies; things move faster here.

Orion also has over 300 products in its portfolio that are considered generic drugs. Given the differences between innovative and generic drugs, how are you able to do such a good job in marketing both?

Orion does not commercialize generic drugs in Spain because the generic business here is difficult. While a company only needs a product portfolio from which pharmacies can buy, they tend not to buy single products. They make business with a few companies and then buy the whole portfolio of each company. The difficulty arises in the fact that this is not very profitable; given the competition, discounts increase more and more, which makes profit difficult to obtain.

How important is Spain within Orionâ??s European network?

Currently, Finland and Scandinavian regions are the biggest. Our Southern European affiliates in Spain, Portugal, Italy and Greece have only existed since 2009. However, we are becoming more important every year due to the fact that our business focuses on proprietary products where our margins are higher than generics. In Eastern Europe, the most important business is branded generics where the margin is smaller. Ultimately, our profit margin is higher than Eastern Europe, even though turnover is lower. Orion is also investing in oncology products and CNS products, which will allow us to become one of the most important regions within Orionâ??s structure.

What do you think the role of middle-size companies like Orion should be in todayâ??s competitive landscape?

Covering big indications will be a challenge, however. Big pharma does not care about niche markets whereas they are critical for us, and doctors and patients realize this. Generally, I think all medium size companies need to focus on niche markets as well.

What is your perception of the future of Spainâ??s pharmaceutical sector and general healthcare system?

Spain has made the necessary savings for the European Union. Therefore, the objective is not to reduce or save more; companies can still â??breatheâ?• in this level of turnover. I do not expect new royal decrees or measures to decrease our market; I expect new royal decrees to maintain our market as it is right now. Growth opportunities may only be incremental, but at least we can be assured of stability.

What do you find to be your number-one priority on a day-to-day basis?

We are in the process of negotiating our new sedative that we launched in 2014 but without reimbursement, and this is quite tough. We are currently negotiating the reimbursement of this drug with the Ministry of Health. I do agree with their economic cautiousness because launching drugs today always requires negotiation and demonstration of pharmacoeconomic value. Previously, companies decided their own prices and discounts to launch a new product. The Ministry of Health wants to know how much every company is going to invest in a new drug and whether it will exceed budget. Under this context, I can negotiate with them because of good relations, but sometimes the Orion HQ finds it difficult to understand the procedure of negotiating locally with the Ministry of Health. For example, the double pricing strategy means that the Ministry can provide an official price but you invoice hospitals and pharmacies a different price, which is the same price that is reimbursed by the Ministry. These kinds of strategies are not very well seen by our company, who is concerned that other European companies might become aware of this strategy as well. Convincing my company of local needs is certainly a priority.

Where will we find Orion Spain in terms of its positioning in Europe in the next five years?

Southern Europe will become a very important region for Orion in Europe, but will probably take longer than five years. We are currently in the fifth position out of Orionâ??s seven regions in terms of turnover, so in five years we should be in second or third place. In terms of profit we will soon be among Orionâ??s top three markets because our products in this market are mainly proprietary, which are the most profitable in the pharma business. The future should look bright for Orion here in Spain if we do a great job!

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