

Interview: Costas Piliounis Vice President, Novo Nordisk Italy



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Dr. Costas Piliounis discusses the importance of containing diabetes, the dampening effects budget ceilings have on companies' performance and growth potential, as well as the positive influence which changes currently being implemented in the regulatory system will have on the industry moving forward.

Dr. Piliounis, to start off, you have worked at Novo Nordisk for the last 29 years, what is it about the company that has inspired such dedication?

Before starting at Novo Nordisk in Greece, I had worked for other companies in UK and Greece involved in research, marketing and sales. However, the minute I stepped into the office for my interview at Novo Nordisk, I knew that I fitted the company perfectly and that I wanted to work here. The people were very open-minded, and I accepted the job on the spot. I started on the first of April 1987, and stayed in Greece for one year before moving to the Middle-East. Now I have worked in Saudi Arabia, Africa, Denmark, Brazil, Spain and Italy. Around the world, the company retains its original core values, in the sense that it is not purely financially driven. We have a triple bottom line: the first part concerns our commitment to deliver solid financial results to our shareholders, while the second and third part reflect our belief in environmental and social commitment, which we consider equally as important as the first.

This makes working here fascinating, and offers an added meaning to a twenty-nine-year career with this company. It is fantastic to know that you have worked for a good cause, and helped people live healthier lives. That is why I have never regretted working for Novo Nordisk.

There is one project in particular I look back on with pride. From 2009-10, I was working in the Middle-East and Africa. Here you can find some of the richest countries in the world, and also some

of the poorest. Under the umbrella of our *Changing Diabetes* program, we began the *Changing Diabetes in Children* program, driven by the United Nations goal of reducing the mortality rate in children.

Looking at Africa, we can see that the diagnosis and treatment of diabetes are still very inadequate in many areas. We could have donated insulin, but this would not have solved the problem, as diabetes is a chronic condition. So besides donating insulin, we selected some of the low- and middle-income countries in Africa and Asia and set up the infrastructure they needed to treat the disease themselves. This involved setting up diabetes clinics, but also training healthcare professionals on the treatment itself, and educating patients on how to better cope with their condition. We did this unconditionally, by transferring the project to the government after a few years with no purchasing requirements attached. It was fantastic to see the impact this has had, with almost 95 clinics established and more than 40,000 healthcare professionals trained.

As you said, you have worked around the world for Novo Nordisk, in the Middle-East, Latin America, Denmark and the Iberian Peninsula. Given this perspective, how would you rate the business environment in Italy?

I think that overall, the environment here is very good. The big advantage Italy has is in its people, who are extremely talented. To be successful you must have a competitive advantage, and for Italy, on an international level, that is definitely its people. They are very creative, innovative, and driven, and working with them is what I enjoy most about working here.

How does Novo Nordisk Italy fit into the European group, in terms of revenue but also potential for growth?

I think we fit very well; we are the fourth biggest affiliate in Europe and have a healthy growth potential left for our business. That growth potential is also being translated into reality, and we are contributing strongly to the overall growth of the group in Europe.

Since we interviewed Lorenzo Mastromonaco in 2008, the company has managed to grow impressively despite a global financial crisis which hit the Italian economy hard. Does Novo Nordisk's focus on such a niche area act to insulate it from outside shocks?

I don't think it does, we have many of the same problems other companies share as well. The primary challenge for us is the very complex regulatory environment around reimbursement, specifically with regards to the budget ceilings. These are individually imposed on our retail and hospital segments, suppressing their growth. Besides this we also have product-specific ceilings for our newer products, and each new future product we introduce is also expected to be assigned one. Then we have entire categories of products with their own overall ceilings as well. The effect of this is to limit our growth, and makes the entire situation difficult to oversee. I think it is very important that all stakeholders in the industry, namely the companies, the regulators and the payers, come together to find a way to simplify the situation. It will be to the benefit of all of these stakeholders, and especially the patients if the system becomes more simple and transparent.

Having said that, I remain very optimistic for the future of Italy. The economy has started to grow slowly, and this growth is projected to continue. The amounts we are talking about are very low, but nonetheless they constitute a steady growth. At the same time, we can see, for the first time in years, a decline in unemployment. Again, the change is very small, but it is positive. We need this in order to give positive signals to the market. These improvements will help change the sentiment amongst investors looking towards Italy, and that in turn will help the momentum for growth gain speed. The stable government Italy currently has helps a lot as well, as that is vital for consolidating growth and boosting investor confidence.

We have also heard a lot about the benefits the stability of the current government is bringing to the business community in Italy. Is Novo Nordisk looking to act on this in the form of Public Private Partnerships?

We are always looking for partnerships, and for us the latter must be a true collaboration grounded on a common goal, which is the fight against diabetes. Today there are three to four million people in Italy living with diabetes, and this means that if these people are not treated well, they will develop complications which will incur far heavier costs for society, the government and the individuals suffering from the disease. In the year 2000, the IDF estimated that there were 150 million diabetics globally. They made a projection that this number would grow to 366 million by 2030. These numbers seemed impossibly high at the time, and we could not see how society could cope with them. Reality was far more alarming however, and we passed this number in 2011. Today the new projection for 2030 is 550 million. This is a serious problem for our society, and it cannot be solved by few companies, or the government, fighting the disease alone. It requires an alliance of stakeholders consisting of the government, patients, healthcare professionals and the private sector, all collaborating towards containing the growth of diabetes.

Looking at the future, what would you like to see next for Novo Nordisk, and the overall market, in Italy?

I hope that the growth we are seeing today can be consolidated and will continue along its current path. I would like to see the government budget balanced and the deficit eliminated, as that would relieve much of the pressure on prices we are currently suffering from. The new algorithm AIFA is developing to assess innovation is something that looks promising, as it should allow truly innovative products to gain earlier market access. Finally, I would also like to see an increased use of registries so that we can better understand the effectiveness of the products we are providing on reversing trends in the overall population.

I believe that AIFA intends to implement these changes over the next few years, and when they become successful, this will drastically improve the situation by creating a more transparent, simplified and therefore more efficient system, to the benefit of all.

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