

Interview: Eugenio Aringhieri CEO, Dompe, Italy



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Eugenio Aringhieri discusses Dompe's shift in strategy towards ophthalmology, instilling an innovation mindset, and broadening the company's international horizons.

Since we last interviewed you in 2009 a lot has happened: you were made European CEO in 2015 for having steered Dompe through considerable renewal and restructuring, the company also embarked upon a major internationalization strategy and, most importantly, achieved global renown for developing breakthrough treatment solutions in ophthalmology. All of this is indicative of a major shift in business strategy. Please tell us what has changed.

All of these achievements are intricately connected and derive from our courage in facing the future in a different way. Right now, we are in the midst of transforming Dompe from a local pharma company to an international biotech entity. It became very clear to me that the pharmaceutical industry is splitting off into two very different directions and that the industry's main protagonists will have to choose one path or the other. There can be no middle ground or third way. Either your leadership relates to your capability to offer the best price and to outcompete your competitors by offering an equivalent performance at a lower cost. Alternatively you can go down the route of leadership through your capacity to innovate and be the first mover in bringing latest generation technology to market. Our first task was therefore to decide where to situate Dompe given the emergent trends underway. We had to select which game we wanted to be playing in and ultimately we resolved upon the latter: leadership through innovation.

The next step was to define how we could compete in that field in a way that would play to the natural strengths of Dompe as a company. I considered it necessary to focalize on specific areas where medical needs are very high and where we can deliver, through an innovative approach to R&D, the right therapeutic solutions.

Next it was important to start assembling an in-house team that was fit-for-purpose and included all the skill-sets and competencies that were going to be needed to accomplish the endeavor. In the pharma world, one of the key differentiators is the quality of your people: only with the right team you can reach your purpose. That is why, in the last year, we have selected worldwide profiles with strong professional skills as well as the aspiration to embrace a challenging project focused on the research of therapeutic responses for “still open” questions.

We had to be frank in acknowledging the gravity and scale of the task at hand: a 360 degree turn from a local, primary-care orientated company connected by commercial alliances to an international, versatile, R&D driven entity with a wider geographic footprint. All of this called for a very different mindset and style of competency.

How did you go about instilling an innovation mindset?

The third critical juncture having selected the right game to be playing in and having assembled the right team to be able to compete on a level playing field was ramp up our investment in R&D to the point where it now absorbs over 30 percent of our turnover. One way that we can accelerate our induction into the world of innovation is through our capacity to swiftly grow networks and establish partnerships.

It’s important to appreciate the rapidly developing nexus between networking and innovation within the pharma industry. Traditionally R&D has been performed in-house within the larger firms. The sheer complexity of innovation today demands a wholly different approach. We’re talking about mastering the arts of nanotechnology, biotechnology, genomic and proteomic systems and much more. Not even big pharma can aspire to cover all of these bases within their own laboratories. It’s simply neither economically nor organizationally efficient. It’s far better to develop real mastery in a specific competence and to blend that with a strong network linking you in to the best specialists in all the other fields relevant to the technology that you are innovating.

One of my priorities has thus been to link up our own in-house capabilities with best-in-class actors all around the world by building up and maintaining a formidable network of partners. Already we have hooked up with around 200 different research centers and forged strong partnerships with the top ten universities worldwide. Only last week we were busy working on a joint project with Harvard University.

Building up your network also meant you had to expand your geographic horizons!

Absolutely. We had to establish a presence where the biotech community is strongest. A full 75 percent of biotech activity takes place in the American, European and Japanese markets so those are exactly the areas that we have flagged up to start building up a physical presence. The process is already well underway. In 2014 we opened an affiliate in New York with a view to participating in US clinical trials and managing the relationship with the FDA. We also have an affiliate up and running in Spain and this year will open offices in the other lead European markets, namely Germany, the UK and France. The intention is to complete the biotech picture in 2017 with a Nordics office responsible for the Benelux and Scandinavian markets.

In terms of choosing a therapeutic area to focus on, what was your thought process?

As I have already alluded to, we were intent on carving out a niche that would play to DompÃ’s strengths given the size of company and the scope of our competencies. We needed to identify an area of high value to patients where needs were going unmet and we could make a maximal difference to livelihoods. It therefore made a lot of sense to focus on rare diseases as opposed to the usual therapeutic areas that start-ups tend to go for such as neurology or oncology. The basket of

rare diseases is actually rather broad â?? constituting some 7000 variations in all â?? so within that group we focused in on two specific areas in which we are confident that we can establish leadership: namely ophthalmology and pancreatic islet transplantation.

DompÃ© has developed a biotech ophthalmic molecule, based on the studies that Nobel Prize winner, Rita Levi Montalcini conducted on nerve growth factor and have been studying a process for industrial-scale production of recombinant human factor (rhNGF) at our biotech facility in L'Aquila. RhNGF is an experimental drug currently under evaluation in patients affected by rare eye diseases, like neurotrophic keratitis and retinitis pigmentosa, and goes on to focus on solutions for the treatment of more common conditions like dry eye and glaucoma.

Pancreatic islet transplantation, meanwhile, provides a therapeutic approach for cases of pancreatitis that cannot be controlled by other medical and surgical treatments enabling patients to undergo surgery while still being able to control blood glucose levels.

DompÃ© is developing Reparixin, which is being studied in its potential to improve the long-term outcome of the procedure, based on its peculiar mechanism of action. The molecule acts on the body's immune response, which can affect the pancreatic islets' function. Reparixin is not yet approved in any country, but is currently at an advanced clinical development stage both in Europe and in the US.

As you set about crossing the threshold from pharma firm to biotech company and invest 30 percent of your turnover in R&D, how are you going about stabilizing your income?

In the meantime we try to guarantee sustainability through improvements to the historical part of the company. We have, for example, decided to invest in the OTC market thanks to an incremental innovation strategy.

Back in 2008 the mainstay of our business was primary care and most of our partnerships were commercial in nature. Over time, however, we have been reengineering the nature of our partnerships with firms like Amgen and Biogen to emphasize the value of technology and know-how transfer. With this knowledge we have been able to rethink and enhance the delivery techniques and dosage of some of our most popular products. Today, we have launched in Italy some of the most well-known OTC products in areas such as headache, respiratory, pain and inflammation.

The second way of getting more out of our historic portfolio during this crucial transition time is to increase the number of markets on which our primary care products are placed. Recently we signed an international marketing agreement with Omega Pharma, a division of Perrigo Pharma plc, one of the five major global players in the distribution of over the counter medicines. This will ensure the placement of DompÃ© products in over 50 countries.

You have, however, opened an office in the Albanian capital, Tirana, for the sale of your primary care products. Doesn't this run counter to the rest of your business strategy?

Actually, I wouldn't say so. The opening in the Balkans area is deeply linked to our strategy. We can consider Albania almost as if it were of the same as Italy because it is being run along much the same lines as our Italian OTC operations. That is why we decided to set a direct presence in the country with a dedicated hub. Our products had been performing very well on the Albanian market through an arrangement with a local distributor so we identified strong demand. Secondly Albania is geographically very close to Italy and Italian is widely spoken so the relationship is very easy to manage. Thirdly, I was keen to invest in a country that is going to play a strategic role in this specific geographic area. Mr. Edi Rama, the incumbent prime minister is the sort of visionary leader who can really transform his country. He is intent on developing Albania as a regional hub and pioneer for the

Balkans, especially after the economic revolution also due to Greece's recent crisis. We are pleased to play a small part in contributing to that development process.

As CEO of one of the companies at the forefront of taking the "made-in-Italy" brand abroad, how do you explain Italy's status as the fastest growing pharmaceutical exports sector in the world?

The quality of Italian manufacturing and the caliber of the Italian workforce are really second to none. Our prowess on both fronts can enable us to carve out a competitive advantage in an era dominated by an imperative for cost-containment. Mature European economies cannot compete on cost when faced with a downward spiral on pricing from cheap-labor markets in Asia such as India and China. At a time, however, when advancements in healthcare technology are becoming evermore complex, Italy does possess the potential to be able to stand its ground. I get the feeling that the government and finance ministry understand that this is a train to not miss, a real opportunity for Italy, in terms of economy, occupation and social perspective. It is vitally important that we do not miss the train, and that the train that we catch is the correct one.

DompÃ©, for its part, is proud to be an agent of change. We fit within the broader context of trying to make the Italian economy more competitive. Our business strategy orientated towards investing in technology, knowledge acquisition and the building up of global networks of partnerships across the biotech landscape is consistent with the path that Italy needs to take if she wants to continue on the growing path.

How would you describe your leadership style?

It's a style in transition. I have come to the realization that the leaders of the innovative pharma world can no longer run their companies as a one-man-show. Running a biotech is far too complex for one leader alone, no matter how resilient and adept he is. Leaders of the future will have to be "enablers" capable of motivating and facilitating the work of an entire management team.

What are your priorities looking forward?

My priority right now is to accomplish our journey to becoming a fully-fledged biotech firm as swiftly, efficiently and effectively as possible. In the immediate term, that means finalizing the right team that will be able to take us further and in deepening and consolidating our networks. We have already traveled an incredible distance, but there is still much to achieve. In the longer-term my desire is to be able to offer solutions to patients all over the world where today there are none. That is the end goal and the ultimate job satisfaction.

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