

Interview: Juan Carlos Conde – General Manager, Teva Pharmaceuticals Czech Republic & Slovakia



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Teva Czech Republic & Slovakia GM Juan Carlos Conde describes how the Czech Republic hosts Teva's third largest manufacturing site within Europe and the recent implementation of a more efficient cluster organization covering the Czech and Slovakian markets.

You became general manager of Teva Pharmaceuticals Czech Republic & Slovakia eight months ago. What have been your priorities since assuming the position of general manager?

Teva tends to be mainly associated with generics only; however, we have a much diversified portfolio including advanced generics, innovative treatments, and OTC products. In the past eight months some key developments have happened in the Czech market. One of those was the launch of Copaxone 40mg, the preparation and successful implementation of the launch has taken a long time and was naturally a major priority. The announced acquisition of Actavis (Allergan Generics) was another key development which kept the organization busy. The deal still needs to be closed but we are prepared for a fast and successful integration of our businesses when it happens. We reviewed our whole –go-to– market strategy and created a future strategy in generics.

What's more, as I am also the general manager for Slovakia, we have implemented some structural changes in order to enhance effectiveness and efficiency in both markets. Rather than on a country basis, we now operate as cluster with individual business units. I am not saying that both

countries are the same, yet they are similar enough that most challenges can be solved with the same solution. The cluster organization also significantly enhances the level of service quality we can offer; one of many synergies which ultimately brings added value to patients in both markets. The most crucial synergy was the development surrounding talent management. With one of the lowest unemployment rates in Europe and a population of only ten million, available talent is sometimes scarce in the Czech Republic. Again, restructuring our organization allowed us to create one talent pool rather than two; Slovaks work very well here and vice versa. All in all, we have created a hub and thus far this was the right move for patients and for our business!

The Česká asociace farmaceutických firem (CAFF), recently initiated a survey on the use and perception of biosimilars among Czech practitioners. The major finding was that biosimilars are recognized and appreciated across the healthcare landscape; what therefore are the implications for Czech healthcare?

Frankly speaking, there are some similarities between the rise of biosimilars and the role that generics play in the market. Generics are of utmost value to any market around the world; they provide affordable and thus accessible treatments to patients, enhance competition, raise the level of service quality, and unfreeze finances that can be re-invested into R&D on innovative treatments. Whether the active pharmaceutical ingredient (API) is chemical or biological doesn't make a difference in bringing some of these benefits. Perhaps the difference is that the R&D and manufacturing costs of biosimilars are much higher than normal generic drugs, hence why I would say that the major advantage of biosimilars is that they increase access to patients. There are some other obvious differences from a regulatory, approval and quality point of view and resulting challenges that have to be addressed. Nonetheless, the positive impact on patients, society, market environment, and economy at large is similar.

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Over the past five years, Teva has invested USD 125 million into the Czech Republic. Just how significant is the country for Teva's global operations?

Our FDA approved manufacturing plant in the Czech Republic is the third largest for Teva in Europe and probably the largest or one of the largest in the Czech Republic. Furthermore, in Opava we have finished goods manufacturing as well as manufacturing of API and R&D capabilities. Considering the market size, this investment was considerably high. Opava produces products which are destined for Western Europe and the US, the latter being the main market. The Czech Republic has a longstanding manufacturing tradition and the level of professionalism and quality is very competitive. Regionally, the Czech Republic has many competitive advantages for pharmaceutical manufacturing.

It is not easy to build up manufacturing operations from scratch anywhere in the world. In comparison, however, the Czech Republic offers a unique combination of quality, professionalism, high levels of innovation capacity, transparency and longstanding manufacturing traditions which allow pharmaceutical companies to set up their operations relatively easily; overall we can say that the Opava site is one of our most efficient. It is important to point out that Opava is not part of our commercial operations here and is led by a different team, which belongs to our Global Operations infrastructure.

How well does the Czech market compare to its regional neighbours?

The Czech market is not yet ready to be compared with mature markets such as Germany. However, in comparison to its CEE neighbours, it is probably one of the most advanced and prosperous markets. In terms of sheer market size it is of course behind Poland, however, eyeing

healthcare spending per capita and sophistication of existing rules and regulations, it ranks amongst the highest in the region.

In 2014, Teva was one of the leading companies in the Czech market; what are your targets for 2016?

Teva is always aiming to be the leading company in every market it operates in. In the Czech Republic we're currently number two in the generics field and number six in the overall pharma ranking, however, I am confident that we will keep strengthening our position in the future! I identify significant growth opportunities in the areas of CNS, respiratory, women's health, oncology, and in some of our established products where we currently innovate in order to enhance effectiveness.

The unique combination of reference methods in the Czech Republic results in some of the lowest prices in Europe. How do you navigate Teva Czech Republic through this price pressure?

It is true, that prices here are among the lower standard in a European comparison. The significant challenge we have at the moment is that prices spiral down to a level where commercialization of the treatment is not economically feasible anymore. If we only break even or even lower than that, the price is too low! I strongly believe that a certain degree of referencing, price pressure, and competition is more than fair. Nonetheless, every stakeholder should realize that we are discussing the price of a medicine. Some of these medicines offer high quality treatments; however they sell for between one and two Euros; this isn't sustainable. In the long haul, this might lead to certain treatments not being available anymore, and the major group to suffer will be the patients! I am confident that all stakeholders agree that this is something we need to be careful about, and that therefore referencing should be only applied where it makes sense. The latter, unfortunately, is not only a battle fought in the Czech Republic but in all markets and we should urge all relevant stakeholders to seek dialogue in order to agree on a sustainable solution.

Everything we do as industry is to make the lives of patients less conditioned and less defined by illness

Teva has a broad generics, branded, innovative, and OTC portfolio. How do you ensure that your affiliate is successful in each segment?

All these segments are different and it is not feasible to apply a "one size fits all" strategy and expect to be successful in every segment. For instance, the consumer perspective differs immensely from OTCs to generics; therefore each segment has to be strategized individually. A unifying aspect within all these strategies is that, by having this differentiated portfolio, sales synergies are created that give us a competitive edge. We are able to provide a hospital with innovative treatments and generics allowing the client to rely on one partner only, which streamlines their procurement process, costs and unifies service packages enhancing the quality received overall! Being able to offer this single relationship to our clients is an integral part of our success in all our business segments.

More important than sales synergies is to be differentiated; if we do the same as our competition we don't add value at Teva we incorporate that knowledge and are therefore highly successful. What differentiates us most is that there is only one Teva. If you look at some of our competitors you will see that the organizational structure differs immensely; most of them have their innovative and generics business secluded under a common holding structure, thus not allowing them to offer the added value that we naturally provide.

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Where do you think does Teva impacts the lives of patients the most?

Worldwide, Teva treats more than 250 million patients, which scales down to the Czech Republic proportionally. That's what we do: we improve the lives of patients. I would like to see this greater recognition of this from patients and for the industry to lose its negative reputation; I identify a gap in the relationship between industry and patient and as industry we need to bridge that gap. Everything we do as industry is to make the lives of patients less conditioned and less defined by the illness impacting the lives of so many like no other industry.

Teva has recently implemented new corporate values, what do they mean to you?

We have recently implemented new corporate values and I believe these are the strongest corporate values there are. They are fully imbedded and unique and I am certain they are genuine for everyone at Teva. The first one is leading the way; a clear message! We want to be leaders and to be leaders we need to anticipate the future before everybody else does. Our second value is about caring; everything we do is for the benefit of the patients. The third one is collaboration; aiming for team spirit. The fourth one is creativity where it matters; I am particularly fond of this one. Last but not least, making our families proud. This is about knowing our purpose we spent so much time at work, that we must know why we do it!

Where will you be in five years?

Hopefully still the general manager of Teva Czech Republic and Slovakia, with a stronger position in both markets!

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