

Interview: Robin Turner, General Manager, Roche Portugal

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Robin Turner, General Manager of Roche Portugal, looks back on the evolution of the affiliate, and describes how the company managed to recover its debt owed by Portuguese hospitals through some negotiations, as well as the company's commitment to clinical trials and innovation in Portugal.

How did you deal with the mounting hospital debt owed to Roche Portugal when you first arrived to this affiliate?

The growing inability of the state to pay for its bills in hospitals meant that my job focus changed from working predominantly on people and market access to being more like a debt collector. Roche is the biggest hospital company and so had the most debt in Portugal. We therefore reluctantly introduced a new commercial policy for the 25% of hospitals that had the longest outstanding payments. These were hospitals that owed us between 500 and 1500 days. Here we insisted on cash payment until the historic debts were paid back. It was a resounding message to the marketplace to address the issue and promulgate change. However, this policy was not specific to Portugal; rather it was a conscious policy of Roche's head office globally for situations where accounts receivables were spiraling out of control. Although it was challenging to implement we were very proud that this new policy did not impact patient access to life-saving treatments.

Roche wants to be in a long-term relationship with the market, but relationships, like marriages, sometimes struggle because of a shortage of money. Happily today, all the historic debt has been paid back to Roche. We therefore have a clean slate and the payment discipline of hospitals is at a stable and acceptable level. I would say that our relationships are also once again on a healthy footing and now there are no hospitals where we need to ask for cash payment. Importantly too, our Head Office's confidence in Portugal has increased substantially.

Q3 2013 marks the first time in a while that Portugal broke out of the recession cycle. What opportunities will that bring for the industry for more collaboration between industry and government?

While the signs indicate that the recession may be coming to a close, the current growth is anemic. Of course it is a positive signal. However, Portugal still has one of the highest unemployment rates in Europe, the country is not yet meeting all the troika's targets, and the 2014 budget is still looking for further cuts in healthcare. While I do not think that the problems are yet solved in Portugal, I do believe in the country and that its situation will improve in the coming years. In terms of opportunities, the state needs to start releasing value-adding innovative products. Portugal is the slowest in Europe for granting market access, and much slower than even countries with

comparable economic challenges and so there is a queue of products that Portuguese patients are not receiving from almost every innovative manufacturer. Basic structural reform by the government to the healthcare system is a big part of the solution, as it would greatly help the affordability of up-to-date healthcare.

The healthcare system needs to find ways to replace old patent expiring drugs with better, innovative treatments, but the state cannot pay more money overall. The model needs to change. In countries with very difficult economic situations the pharmaceutical industry cannot expect to grow like it would elsewhere. Roche is prepared to find innovative solutions to solve this issue, but we are faced with walls and walls of bureaucracy. The system is incredibly complicated and not very cohesive. That being said, the Ministry of Health and INFARMED have improved their dialogue with the industry substantially since 2012; nevertheless we must still find creative ways forward or the research-based industry will be forced to disinvest from the country in a major way. It is normal for patents to expire, but if nothing new is being approved from our research, businesses in Portugal will die, and investments will be redirected elsewhere. You can only squeeze so much out of an industry before innovative companies create an Iberian affiliate, go to a distributor structure, or simply leave. The loss in investment and jobs would be another blow for the country.

Roche has continued to invest in Portugal despite the challenges. We have one of the most exciting R&D portfolios in the industry and we want Portuguese patients to have access to it. Roche now contributes about 20 percent of all new clinical trial approvals in Portugal ranging from Phase I to IV, and contributes at least €12 million to the Portuguese healthcare budget annually, far more than our market share would anticipate.

Portugal invests €36 million clinical trials annually, but this figure could be much higher. What will it take to get companies to see the value of investing of clinical trials in Portugal?

Roche continues to increase its investment, going against the downward trend. But we need to see something happening in terms of market access for patients. Whilst Portugal is competitive in terms of speed of protocol approval, patient recruitment, and quality this makes sense especially for early phase trials. But for later stage studies there is not much point to start trials with products if the long-term chances of a patient benefiting from them are near zero and physicians only become frustrated. Therefore, we have to see innovation translating into patient usage for the sake of Portuguese patients and Roche. We also need to see a consistent approach to clinical research within the Ministry of Health, and today we are receiving conflicting messages.

What is the role of personalized healthcare (PHC) in Portugal?

PHC is an area where Roche continues to lead and pioneer, and is uniquely placed given the company's vast knowledge base and array of tests. There are huge advantages for patients, more efficient use of healthcare resources and improved value for payers.

PHC has been a reality with the HER2 breast cancer treatment Herceptin (trastuzumab) for many years. We have been running trials with Zelboraf (vemurafenib) in Portugal for melanoma, where a diagnostic test identifies candidates before treatment starts. We have also been running similar testing programs for Hepatitis B and C to identify likely responders and to maximize adherence. These programs add value to the healthcare system by reducing wastage and providing higher than average responses. PHC is the way healthcare will evolve, not for all drugs, but certainly the direction the industry is trying to go. Roche Portugal is also uniquely placed in having both the Pharma and Diagnostics divisions on the same site.

Gazyva was recently approved by the FDA, and has filed an application with the EMA. How would a drug like that work in Portugal in terms of reimbursement? What is the oncology

portfolio like here?

Gazyva was given a fast track by the FDA due to the very significant advance it offers in an area of high medical need. It is evidence of the outstanding R&D work at Roche and we will make every effort to have it available in Portugal. Oncology is important for Roche everywhere; for Roche Portugal, it is slightly less important because of the country's very slow adoption of innovation. Sadly for patients Portugal is missing many valuable indications and products. Therefore our older products have more importance. That being said, oncology is still crucial for Roche Portugal. The access debate revolves around both affordability and cost effectiveness. There is also a very strong focus on Overall Survival as an end point in Portugal. With Gazyva patients seem to live so long that they will often die of other causes. The challenges this poses for gaining funding are obvious. But fortunately the relationship and ability to talk with INFARMED about market access has improved dramatically since 2012, which I perceive as a strong positive for products like Gazyva.

How can Portugal afford to pay for new drugs? There needs to be an understanding that growth will not happen as it did in the past; rather we want to see change and establish agreements saying that we will operate by a different set of rules while Portugal climbs out of this recession. Essentially we want to be a responsible partner but simultaneously we need to have products coming through the pipeline. Renewal of our product portfolio is critical to the future of Roche in Portugal.

What was your strategy to maintain or boost company morale when you arrived here in 2012?

The main strategy was to show that I was 100 percent behind the decision already taken to put hospitals into our new commercial policy. We needed to be proud of the fact that as a company we were prepared to make that decision, behaving like a leader and demonstrating the courage to do it. Our employees strongly supported this decision, which was especially tough for those in the field explaining this new policy to doctors and hospitals. It was a brave decision and it has paid off. We have demonstrated throughout that while we want to be paid, we paid our own bills as well. When agreements were made on a higher level and credit notes were requested, Roche was the first to pay out.

I also brought with me a strong focus on transparent, two-way communication and flexibility in ways to work in order to have a good work/life balance and a desire to help people with their personal/career development. The response has been very positive and we have an incredibly engaged team here in Portugal.

2013 marks the 40th anniversary of Portugal. What have been the most important aspects of Roche's commitment to this country?

The investment into this subsidiary's state-of-the art facilities and the ongoing investments in clinical trials, innovation and medical education in Portugal are clear signs of Roche's commitment. The fact that this is a fully-fledged affiliate as opposed to an Iberian office is also noteworthy. And over the past 40 years we have brought many medically important products to Portugal, quite a few of which have helped to re-define medical practice.

What is the most important message that the industry needs to communicate to the healthcare system?

The Industry needs to have a dialogue between all of the key stakeholders and to be seen as part of the solution, not the problem. We need to build mutual trust and a stable, predictable environment that gives our head offices confidence in Portugal. Ultimately, all stakeholders need to do what is best for patients and Roche is keen to contribute with creative solutions.

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