

# Interview with Antonino Reale, President, Daiichi Sankyo Italy

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21.09.2009

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**When you became President of Sankyo Pharma Italy in 2003 one of your objectives was to maximize sales of the existing portfolio- and the company's sales have impressively tripled in this 5 years period. What have been the main guidelines of the Italian operations?**

Daiichi Sankyo Italy's ability to brilliantly achieve such a performance relies on three main drivers. The first of them was the restructuring of the existing product portfolio, which means the replacement of some old products with new ones belonging to the cardiovascular sector, which is Daiichi Sankyo's core therapeutic area. In addition, 2 new products coming from our R&D have been launched, one is the plain version of Olmesartan and the other is its combination with Hydrochlorothiazide, both products contributed a lot to this performance. The last important element was the upsizing of the Field Force by about 50%. Recently we have taken a further step forward in terms of Field Force size and structure, expanding the size up to 190 MReps split into two teams: one made of 140 Medical Representatives dedicated to Primary Care - despite the current trend of companies believing that the primary care business is reaching its end - and the other of 40 MReps focused on Secondary Care.

**As you worked 18 years with another Japanese company and had the opportunity to spend a year in Japan during this period, what things of your Japanese experience have been applied to the Italian context?**

Such an experience was very interesting. Not so much from a technical point of view - as I don't feel that I have discovered some elements of the Japanese lifestyle or working methods to be applied in Italy - but as an amazing opportunity to open my mind. I succeeded in understanding that there is another way of thinking,

**which is still very important nowadays in the relation with my Japanese colleagues. Which would you highlight as the main specificities of Italian market and how is Daiichi Sankyo addressing them?**

The Italian pharmaceutical market is undergoing a total revolution. The Health Authorities, responding to the growing challenge of providing sustainable healthcare at reasonable costs, issued in the last couple of years a lot of different measures to reduce the number of prescriptions and contain the pharmaceutical expenditure such as: price cut, reference price, mandatory discounts, restricted prescription guidelines (Note), strict monitor and control on Physician's prescriptions (IT tools), regional financial incentives to GPs who limit costs generated by their prescribing, prescription charges (ticket), awareness campaign aimed to limit patient demand for medicines and boosting

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generic use, tighten on promotional activities, etc. Therefore, the need of change became obvious for Daiichi Sankyo, who went through a very innovative internal restructuring to react to this context. As the sales and marketing departments were sometimes fighting each other rather than cooperating to efficiently fulfil the needs of our customers, these two main pillars of the company have been merged into one single department of "Product Planning and Customer Care Management". All the actions are now made jointly between sales and marketing, which makes the company able to take quicker decisions and offer the best synergies to customers. This department is currently working in designing a new Targeting and Segmentation Project to be started in January 2009. The aim of this project is not only to identify the high prescribers, but also to understand their motivations for choosing a certain class of drugs, and see the various clusters within each group to finally adapt our communication and services to them and ideally deliver a tailored approach for each single customer. The company is also investing in creating new professional roles such as Medical Liaisons, Access Managers and last, but not least Human Resources Development dept. As a consequence of these recent changes, the atmosphere at Daiichi Sankyo is very positive and everyone works today in a very dynamic, enthusiastic climate with a team spirit which I am sure will allow us to achieve further brilliant results. Under this context,

### **how do you assess Daiichi Sankyo's performance in 2008 and what are your expectations for 2009?**

Daiichi Sankyo was ranked number 123 for retail sales in 2003. It now occupies the 73rd position and it aims to become number 50 in 2009. Our share of hospital sales is not significant yet, but the company is paying more and more attention to this sector as it could impact the retail market in the future. It is still rare to see a Japanese company being very successful in Europe.

### **On which key business areas and growth drivers is Daiichi Sankyo betting, being Japanese with such an interesting and different culture from the European one, to be among the frontrunners in the Italian pharmaceutical market?**

Daiichi Sankyo relies on its wonderful product portfolio in the cardiovascular field. Olmesartan's development program is very ambitious: its combination with the diuretic has just been launched, a new combination with a calcium antagonist received European approval in July and it is planned to be launched soon, and a triple combination is currently under development. At the same time, we are waiting for the approval of the anti-platelet Prasugrel, and one future oral anticoagulant candidate just entered Phase III after very promising results obtained in the first clinical study. With such a wide range of products and services, Daiichi Sankyo would like to be perceived from both GPs and Cardiologists as one of the leading companies in the cardiovascular field. For this reason, we are planning for a massive participation at the upcoming congress of the Italian Society of Cardiology to be held in mid-December to launch the new slogan: "Your Heart's Partner" which is really a company's positioning.

### **Which therapeutic areas do you think have the most potential to contribute to the company's future sustainable growth?**

Apart from the CV area, there are great opportunities in the oncology field, on which Daiichi Sankyo is working more and more worldwide. The group recently acquired for instance the German U3 Pharma, a biotech company specialised in developing human monoclonal agents for the treatment of cancer. R&D investments and clinical trials are crucial to final drug development.

### **How favorable is the environment for R&D in Italy?**

In spite of AIFA wishes to encourage R&D investments in our country, especially the early phases of drugs development, the environment is not exactly favourable and is always more and more difficult

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to convince our headquarter to invest in Italy. In this context, there are in fact long procedures and thousands of formalities, sometimes different from region to region, which make the R&D investments in Italy more expensive and time consuming than in other countries. Authorities should take some actions in order to solve such problems and also adopt a less strict vision versus pharmaceutical companies, in order not to be considered anymore as the strictest body in Europe. Only at that time, Italy will be able to attract investment, improve the number of clinical trials and become a reference member state. On the production side, Daiichi Sankyo Europe is investing heavily in its German production facilities in Pfaffenhofen. Is the company considering investments in Italy in terms of production facilities, even in the midst of a more challenging market environment? Daiichi Sankyo is not considering such a possibility. The huge manufacturing plant in Pfaffenhoffen is able to fulfill all the needs of the European activities – including the new affiliates such as Turkey and Ireland. Many synergies are created within Daiichi Sankyo group as a result of its networking structure.

### **How challenging is it to manage to work together, with the German and US headquarters coordinating all the activities?**

R&D is coordinated from Daiichi Sankyo's headquarters, in Munich for the European activities and in New Jersey for the worldwide coordination. The Italian structure only acts as a counterpart, suggesting the most important and influential centres to be involved in clinical trials. In addition to the importance of R&D, it is worth mentioning that marketing and R&D have to cooperate as early as possible in the products development. Whereas 10 years ago marketing used to intervene in Phase IV, it started to be involved in phase III five years ago, and should now start as early as the products enter phase II. Even if sometimes it's not easy to align the national and international needs, I believe that having a common vision and strategy is by far more advantageous than operating at local level; in other words – think globally and act locally – is the right approach to win the game. Many of the personalities we have interviewed such as Enrica Giorgetti of Farindustria and Leonardo Vingiani from Assobiotec have highlighted how PPP is increasingly important for the development of Italy's R&D potential.

### **How active is Daiichi Sankyo in establishing partnerships with public entities in Italy?**

This kind of cooperation is crucial for Daiichi Sankyo's activities in Italy. And for this purpose we have recently created a group of Managers dedicated to set up professional and public relations as well as to corporate communication. Which competitive advantages of Italy do you highlight when convincing Daiichi Sankyo's headquarters to invest in Italy? Despite the difficulties highlighted before, The answer is very simple since in Italy we have excellent centers able to conduct pharmacological and clinical studies especially in CV area really among the top 10 in the world. So the high quality of the proposed investigators is our winning card to convince Headquarter to invest in our country. In addition to the above, one of our strategic objective is to improve the company's image, and the involvement of Top Opinion Leaders in important programs of R&D is one of the key success factors for such an objective.

### **How would you describe Daiichi Sankyo's commitment to Corporate Social Responsibility in Italy?**

CSR activities in Italy are not as developed as in the countries that have a production site- but the company is still very committed to this value and works on various projects according to the vision of its Japanese headquarters. One of the most recent initiatives has been the development of a training course addressed to our medical representatives for a safer driving policy. Other projects have been launched with an environmental concern, in order to reduce the use of air-conditioning and heating in Daiichi Sankyo's offices. Initiatives like these are dedicated to CSR, but do so by taking care of

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our internal resources at the same time. With our H2O project we also developed a new approach of direct marketing close to CSR. Our customers received mails with information about our products as well as a coupon to be sent back to us and for each coupon received, Daiichi Sankyo donated one Euro to fund the construction of a water well in Africa.

**How would you describe the personal management style you apply at Daiichi Sankyo to take care of the internal resources and sustain the company's growth?**

Human resources are the key to success. The products are there, but they would not be translated into success without people. That is why from a personal point of view, I would never sacrifice the attention to be paid to our Human Resources for a single cent of extra profit. In this respect we invest a lot in terms of training and education. You led your career in the pharmaceutical industry and the chemical sector in particular for the past 21 years, starting from entry-level and then going through a number of successful steps before reaching your current top-management position at Daiichi Sankyo.

**What is the most exciting thing about the sector that kept you motivated in each position you occupied?**

The most important thing I have learned during my career is that the need of good health and of a better quality of life existed, exists and will exist forever and this is the best motivating factor for anyone working in the pharmaceutical sector because it means there will always be room for drugs, more effective, safer, easier to be taken, etc. From my experience, I also understood that the pharmaceutical business is not very different than any other one. It is often considered as being more peculiar, but actually the ways of doing marketing are the same in every sector, the main priority always being try to fulfil the customer's needs. Final Message of Dr. Antonino Reale to the readers of Pharmaceutical Executive Daiichi Sankyo's vision is to be perceived as a "Global Pharma Innovator" committed to contribute to health and well-being by creating outstanding new drugs. This means that the good that we do in Japan must be brought to people around the world.

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