

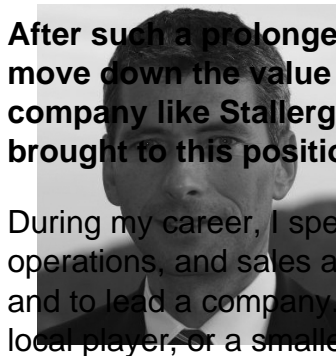
Interview with Petr Tor, Country Director, Stallergenes Czech Republic

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Stallergenes in 2010, you had been with MSD for nearly two decades. After such a prolonged experience at a major global pharma player, why did you decide to move down the value chain to a smaller, considerably more specialized biopharmaceutical company like Stallergenes, and what do you believe your Big Pharma perspective has brought to this position?



During my career, I spent time in finance and administration, and then moved to planning, operations, and sales and marketing. These experiences gave me the background to move forward, and to lead a company. My dream was to take on such a role at a smaller organization—perhaps a local player, or a smaller international company with a subsidiary in the Czech market. Stallergenes was a great fit. It is considerably smaller than MSD, and it is a “family”-style company. The organization is quite flexible, and offers a lot of responsibility to local subsidiaries.

My time in MSD gave me a lot of training for my current job: in terms of how to structure the business, and how to manage both business and people. I implemented many new processes when I joined Stallergenes here. My first undertaking was to re-achieve reimbursement for our SLIT products portfolio. At the same time, I had to upgrade processes and set up the foundation—standardized operating procedures. In the past, the culture at Stallergenes had been quite entrepreneurial. Nowadays the company is becoming global worldwide player. Along with this ambition come compliance issues and these requirements call for a more standardized approach.

In terms of marketing, and approach to the market, we set new priorities. We achieved an improvement in the reimbursement of key products—sublingual drops. This gave us the opportunity to move forward in the strategy that we set.

Our breakthrough in reimbursement was achieved quite shortly after my start in Stallergenes—it took us five months. I believe that this fact was highly valued by our headquarters, and I believe that it requires a local to realize such results. Foreign managers do not have the chance to set-up required contacts and the domestic market knowledge.

Following this success, we had the opportunity to launch new products—and we have already launched a new allergen immunotherapy tablet.

We recently had a discussion with Dr. Hauser, head of Ipsen Czech Republic, who too has a Big Pharma background. Her story is quite impressive: when she joined Ipsen, the Czech subsidiary was undergoing negative growth of 13 percent, and in her first year, she returned

the company to a positive trajectory. In subsequent years, she managed to realize low-double-digit growth. Have you had similar success at Stallergenes?

Our story is even a bit better, I would say! Stallergenes in the Czech Republic was very much suffering due to the critical issue in reimbursement that I have mentioned. Our efforts in reimbursement truly opened up a new market for us in terms of adult patients. Hence, our growth in 2011 was 37%. This year, we expect to continue to grow very rapidly at a rate of approximately 20%.

You mentioned the need for locally sourced management to properly approach the Czech market—what are your broad impressions of this environment and the opportunities that it offers to a specialty player like Stallergenes?

Everything depends on market access—this is the basis for the pharmaceutical business in the Czech Republic. Local management is necessary to understand local regulations. Only after that lobby for decent reimbursement conditions can be effective.

I don't believe that the opportunities this market offers to specialty players are too different from those it offers to Big Pharma companies. The large players have more products, in more therapeutic areas, and the smaller players are present in niche markets—however, all organizations have the same chance to succeed.

Other specialty players we have spoken to, such as Lundbeck, have noted that while they have found success on this market, their small size hinders them from being able to affect the course of the conversation with the authorities. Has this been a challenge for you?

We have definitely found this to be a challenge as well. It is true that we are limited in our power to change market conditions. However, we are quite focused on our market—allergen immunotherapy—and we are a dominant leader therein. We have two small competitors, but they are not very active, so whatever we want to achieve with the local authorities we must do ourselves.

In the broader field of respiratory allergies, we find ourselves in a larger pool, with a greater number of companies. Here, we play against Big Pharma. The advantage for us is our ability to be quicker and more flexible in our decisions—but, indeed, difficulties with the local authorities may appear. Nonetheless, I will return to what I had earlier said: if you have strong relationships with the decision makers in the market, I do not think that success will prove more difficult than for the larger players.

A recent study by the European Federation of Allergy and Airway Diseases Patients Association (EFA) noted that “despite the significant social and personal impact of the disease, respiratory allergies are underestimated, and the general public is unaware that they are real diseases”—and yet, 1 out of 4 Europeans suffer from respiratory allergies, among which 15-20% are affected by a severe form of the disease. What efforts are you making in the Czech Republic to educate stakeholders about the importance of allergy treatment?

We are indeed active in this sense—but we have to be smart in the way how we are doing it. Therefore, we must be strategic, and spend wisely, ensuring that we benefit from the opportunities we create. This means that if possible, we communicate both about the needs of the market and patients, and about the solution at the same time. The solution offered by Stallergenes is a causal treatment of the disease itself, which is very rare if we compare it to many other treatments approaches and indeed unique in the field of respiratory allergy.

Stallergenes is known as a highly innovative company, dedicating approximately 18% of its annual turnover to R&D. The company incorporates the Czech Republic into this process: in

recent years, over 1000 Czech patients have been involved in your multicenter trials. What attracted you to commit to the Czech market in this manner?

I am not myself responsible for choosing our clinical trial centers—this decision is handed down from headquarters. With that said, we do of course lobby to conduct trials in this market, and in Slovakia as well. Conducting trials in this market helps us to introduce new products here. Investigators involved in the clinical trials may later convey their experience with the new products to their colleagues physicians.

Do you plan to launch any new products in the coming years?

Yes. The company continues with the development of sublingual immunotherapy tablet for allergic rhinitis to house dust mites. This is the second most common allergen in the Czech Republic. Our strategy was to first release a grass allergy tablet, which has been on the market for two years. The mites tablet should be introduced in the coming years.

Do you find it attractive to launch innovative products in this market? Some of our other interviewees have remarked that due to the pricing and reimbursement mechanisms present in the Czech Republic, it is growing increasingly unattractive to bring innovation here.

I agree with the fact that the regulations in the market are quite severe, both in terms of pricing and reimbursement. I would say that the market is over-regulated—although the high level of competition here contributes to driving down prices as well.

The attractiveness of bringing innovation varies depending on the therapeutic areas in which we are playing. As Stallergenes Czech Republic, we also have the luck that this territory plays a major role in the group's global turnover. Our turnover last year reached 4.8Mn EUR, compared to a total company turnover of 235Mn EUR. Majority of sales are realized in 4 big European markets. Hence, within the remaining turnover, the Czech market plays quite an important role.

For Stallergenes, it is therefore attractive to launch new products here. We are a market leader, and we deal with educated specialists that know our products, and how and when to use them. We do not have to build the niche or educate the physicians on allergen immunotherapy: we have only to work on proper patient selection and this is attractive for the company.

In the last five years, Stallergenes has increased its global workforce by 70%. As your local revenue growth clearly exceeds the company's global 2011 revenue growth of 8.6%, the Czech subsidiary is likely in the market for new talent as well. What do you believe attracts people to work for this company?

The attractiveness of this company is in its small size, its flexibility, and the responsibility that it affords to local subsidiaries. We have a high degree of autonomy in terms of marketing, sales, efficiency efforts, training, projects, etc.

Stallergenes also gives an opportunity to people to conduct marketing and sales at a more advanced level—in terms of knowledge of the disease, and the approach towards treatment, which is complex and quite unique. Last but not least, I do believe that Stallergenes is highly competitive on total compensation as well. Taken together with the working environment and the freedom of decision-making, we are an appealing employer. We have not had any fluctuations in the last two years.

In this context, what management style do you employ?

Firstly, I trust my people a great deal. I give them the opportunity to really be in charge of their own work. And yet, I still do follow up on all activities.

I value those who work hard, and go beyond their responsibilities. We have quite a special bonus system for rewarding such efforts, and showing our appreciation.

Regarding employees' career paths, we are not working for a huge multinational organization, but nonetheless, we do offer the opportunity for our staff to move around between various subsidiaries.

Stallergenes recently launched a new visual identity to celebrate its 50th anniversary. What does "innovation at hand, patients at heart" mean to you?

This slogan reflects both the strong commitment of the company towards patients and at the same time long standing commitment to innovation. If we think about the respiratory allergy field, there have been almost no innovative products launched in the last decade. Stallergenes is in a place to launch new products and new forms, which are considerably more convenient for both patients and physicians.

The new corporate baseline "Innovation at hand & Patients at heart" perfectly represents Stallergenes' core mission and commitment to meet patients' needs and expectations. If we think about where we are moving in terms of innovation, we have gone from injections, to sublingual forms (sublingual drops) and to sublingual tablets with shortened and simplified dosing protocol. We are increasingly making the medications more accessible for patients, and making treatment as convenient as possible.

As we discussed, allergies are a growing disease, with growing severity. More and more people are suffering. We innovate for them.

If we return to interview you for the company's 55th anniversary, where would you like to have taken the business?

We would definitely like to remain market leaders, as today we have more than 80% market share in value. We would like to further increase this share.

The major focus, however, of our strategy is to promote causal treatment rather than symptomatic treatments. This will make a true difference for patients but there is still a long way to go. There are specialists that fully believe in this treatment method, but there are those that are not yet fully convinced. Allergen immunotherapy is a complex treatment method to use, requires very good diagnostic skills and a lot of education towards patients. It is also difficult to ensure patient compliance which is necessary to achieve full efficacy and benefit for the patients.

We want to demonstrate the value of our products: that if you overcome the small hurdles that I mentioned, you can bring immense value to the patients as to their physicians. If the treatment is successful, the patient can fully benefit from a disease relief, and avoid taking any medication at all. This is the unique difference between causal and symptomatic treatment. Symptomatics are usually taken forever: if you have symptoms, you take the medication. In our approach, you try to cure the disease.

Furthermore, if we get the allergen under control, people may not develop asthma, they may not develop new sensitizations, etc. So why wait for complications, when you can act now?

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