

Nicos Ragoussis Managing Director, LEO Pharma Greece, Cyprus, and Albania

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The hard times are behind us and we can look forward to a more hopeful future. We are better positioned and prepared than in the past

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Nicos Ragoussis explains how he steered the Greek affiliate of Danish dermatology specialist LEO Pharma through the unprecedented challenges of the government-debt crisis era, the ongoing market access hurdles that still remain, and why he is highly optimistic about future business prospects.

Could you tell us what state LEO Pharma Greece was in when you joined the company in 2011 and what progress has been made ever since?

It was a very difficult time, as Greece was hit by the financial crisis that had a profound impact across the pharmaceutical industry. In this challenging environment, our workforce was reduced from 83 to 55 employees, and our gross sales dropped from approximately EUR 53 million – a record high in 2009 – to EUR 30 million in 2012. Still, LEO Pharma Greece was able to return to growth both organically and by acquisition, including the global dermatology businesses of Astellas and Bayer. As a result, the sales of the Greek affiliate now stand at EUR 63 million. This comeback may have taken years to achieve, but it attests to the hard work and resilience of the Greek team and means that the job has remained interesting and engaging.

What global developments stand to have the biggest impact on LEO Pharma in Greece?

The prospect of LEO Pharma becoming a publicly listed company through an initial public offering (IPO) constitutes a great challenge, but also an exciting opportunity. This is a strategic ambition, aligned with our 2030 strategy launched in 2020, therefore it is crucial to ensure the company's growth and sustainability moving forward. It is a step towards a new direction that will require time to materialise, and restructuring plans will be prepared to safeguard a seamless transition. Driven by our clear vision and well-defined roadmap, we are poised to deliver on everything we set out to do.

How well-recognised is LEO Pharma within the dermatology market in Greece?

LEO Pharma Greece is one of the longest-standing affiliates with a history of 60 years. During this period, we have achieved wide recognition among dermatologists and I am proud to say that we are the country's leading dermatology company by reputation, according to market researchers. Building on our heritage and experience, we have fostered strong relationships with local companies helping us to gain the trust of healthcare professionals and consumers alike. Two of our brands, which are locally produced in cooperation with a manufacturing partner, have significantly enhanced our competitive position in the therapeutic areas of dermatology and thrombosis, with #1 positions in both markets.

Is Greece a straightforward market in which to launch products these days?

A few years ago, the launch of a new product was relatively easy, but recently the situation has changed so that this is no longer the case. First of all, profitability in Greece is low compared to other European markets, due to the rebate and clawback system and it hits all pharma companies who must pay back a significant proportion of their revenues to the state. In order to bring a product to market, companies have to go through a newly introduced Health Technology Assessment (HTA) process and engage in other types of negotiations with the government. In doing so, we draw on the experience of other Affiliates. The updates on the institutional framework may have been implemented quite hastily, which means there is still a lot of fine-tuning to be done.

These measures were introduced over the last five years with the aim of reducing pharmaceutical spending in Greece. And now the government has demanded discounts and clawbacks of up to 50 percent! It must be pointed out that our reference price system is already based on the lowest prices in the Eurozone, and we have to accept another 50 percent cut.

It is obvious that pricing has become a difficult process and this situation is quite deterring for us, to launch some of the products we already offer in other countries, to the local market.

Do you feel that medical dermatology is sufficiently valued in Greece?

There is definitely room for improvement. The Greek authorities tend to focus all efforts on life-threatening diseases, such as cancer, with other conditions not considered a high priority on their agenda. By doing so, they fail to recognise the impact of other less serious comorbidities. In fact, certain diseases, like skin conditions, can be very severe and chronic and, unless treated in an appropriate and timely manner, may cause additional problems in the long term, not only for patients but also for the state budget.

Prevention can help reduce healthcare costs. As the country's leading dermatology company, we are committed to actively promoting this idea, but our message does not always come across. Education is an integral part of our vision, so we put our words into action and will continue to do so in order to effect change. We participate in forums and have an open dialogue with ministries, healthcare professionals, and universities; we even offer numerous educational programs addressed to healthcare professionals and patients. We also have an active presence on social media to share knowledge, in addition to hotlines for anyone who needs information. Knowledge is extremely important, especially since we are talking about saving lives; for example, many people may not be aware that a significant number of cancer patients die from thrombosis. Therefore, our dedicated efforts focus on placing dermatology and thrombosis higher on the agenda.

What was the impact of the COVID-19 pandemic on LEO Pharma's business in Greece?

The COVID-19 pandemic had a positive impact on our thrombosis portfolio, given that the established association of COVID-19 with thrombosis activated new business. The performance of our dermatology portfolio remained stable. The lockdown restrictions hampered new diagnoses, thus negatively affecting further sales growth. In addition, the lack of tourism, which typically accounts for a significant share of sales every summer, led to missed sales. So, overall, our sales neither increased nor declined.

Internally, the shift to remote working was a challenge and somewhat undermined the family feeling shared by our 60 employees. Moving forward, we will probably adopt a hybrid model between working from home – which many employees prefer – and coming into the office to ensure that team familiarity and bond remain as strong as ever.

Greece is the only country in which the pharma industry has been identified as a recipient of EU Recovery & Resilience Facility (RRF) funding. What are your hopes on how this money is going to be spent?

We know that part of this funding will be allocated to healthcare, not necessarily the pharmaceutical sector, in order to finance projects such as the digitalization of hospitals, personnel training, medical exams and prescribing. However, we hope that more funds will be channeled into our sector, given that at least 50 percent of medicines are currently paid for by pharmaceutical companies and not by the government. The market's growth rate ranges from eight to ten percent and the companies cannot afford to carry an additional burden. In a sense, the market is growing because of how much money is being paid back, therefore we expect that the government will start to funnel more funding into the system. Today, Greece's per capita expenditure on healthcare is one of the lowest in Europe.

Putting extra money into the system is by no means a cure-all, as other things need to happen as well – and are happening – for example, investment programs to build new manufacturing sites in Greece, clinical trial funding, and other initiatives. Funding is channelled to those projects rather than to medicines per se. So, in order for us to reap the benefits, we have to become involved in these activities.

Do you feel optimistic about the prospects for LEO Pharma?

Without a doubt! The hard times are behind us and we can look forward to a more hopeful future. We are better positioned and prepared than in the past. Surely new challenges will arise, but we have come out of this journey with our credibility and effectiveness enhanced. LEO Pharma has a pipeline of advanced products to deliver in the future, which gives us every reason to remain optimistic.

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