

# Simona Cocos – General Manager, Zentiva Romania & Moldova

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*Simona Cocos of Zentiva Romania explains how the affiliate has developed since its separation from Sanofi and how recent acquisitions have impacted local operations. She shares how the extremely diversified portfolio is a key strength and how new ventures in consumer health are helping boost performance. Cocos adds that continued investment of over EUR 19 million has made the affiliate a market leader in Romania but also an international production hub winning tenders in Western Europe.*

## **Can you introduce Zentiva's footprint in Romania and how recent acquisitions have impacted your operations?**

Zentiva is a leading pharmaceutical in Romania which benefits from manufacturing facility history of 58 years, a large portfolio comprised of more than 140 brands and employs more than 770 people. Last year, the company produced 105 million units, which was a new record: 4 million units more than the previous year. The majority of the production is exported to 29 different countries, including the UK, France, Germany, Czech Republic, Russia and Belarus.

The carve-out from Sanofi was not an easy process but it was a successful one. Today, the company is more flexible and agile in taking sensitive decisions. Solacium was bought last year

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because we were interested in the OTC market. It is the segment that is increasing the fastest in Romania and is not subject to the clawback tax, which makes it an attractive sector. Additionally, Solacium's portfolio of 10 brands benefits from a positive image in the market with brands such as Chocolax, Ibusinus and Sideral.

At this moment Solacium Pharma and Zentiva Romania remain separate companies in the same group.

### **What is your assessment as a producer of the regulatory and market environment in Romania?**

It is a tough environment and it is not favourable for generics even if this segment of the market brings savings to the health budget.

The current form of clawback is profoundly incorrect, as it is damaging to patients and the Romanian drug industry. Furthermore, it endangers the sustainability and existence of the generics industry.

Generic drugs should have a differentiated level of taxation, as the budget excess is caused by innovative drugs. Over 75 percent of the amounts allocated by CNAS (National House of Health Insurance) for medicines go to innovative products. Although extremely useful and treat thousands of patients, millions of Romanians depend on generic treatments. Zentiva recognizes the need for innovations, but the generic industry cannot guarantee its funding.

CNAS spending on drugs continuously increased to introduce new molecules while its budget remained unchanged. The health budget needs to reflect real consumption, hence adjusting it to the inflation index is not enough.

Without interventions on the clawback calculation formula and the CNAS budget, the clawback trajectory can only be ascending and unlimited.

The generic producers in Romania are penalized and put in a position to delay or cancel investments and development plans. Consequently, the Romanian government must not only understand, but also remedy, this situation with immediate actions.

### **What are the challenges and opportunities for international producers in Romania?**

Romania has skilled and talented people, that are an asset for highly regulated industries such as pharma. Zentiva trained and developed factory workers for this specific industry.

Unfortunately, the government is not supporting this industry as it is not perceived as strategic as IT or automotive. This has caused the market share of generics to decrease over time and the export-import balance to worsen.

### **How does Zentiva go about to attract and retain the best employees in the market?**

For several years Zentiva organized a partnership with universities to attract and motivate students to join the industry. Last year, our internship program Zentiva University was launched to train undergraduates in several business aspects. We received almost 1,000 applications and in 2019, we

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developed the internship program with 50 people, and, at the end of the program, we accepted the 20 best-performing interns. After spending one year within the organization, Zentiva will identify talents and offer them a permanent position.

At the same time, Zentiva supports the professional development of team members within the organization, as all openings are first offered internally. The organization supports the colleagues' horizontal and vertical mobility, by offering training, development and improvement programs. We believe that in this way we can all benefit most from the involvement and creativity of everyone.

Additionally, the organization has built a culture centred on people and created a working environment around the team members. The aim is that they feel fulfilled, respected, appreciated and proud of the history of the company and its evolution. Zentiva is grateful for their loyalty and encourages new initiative, ideas and an entrepreneurial spirit.

This organization is proud of its strong culture and atmosphere, which has been recognized by the group. Last year an engagement survey was launched in our group and the Romanian affiliate ranked number one with a score of 91 percent for engagement.

### **To what factors do you attribute Zentiva's 2019 results?**

2019 has been successful with the new production records, engagement recognition and position in the market: first in terms of volume and third in value. The involvement, engagement and work ethic of our people are at the heart of these results. It is easy to be a GM if you have such a dedicated team and Zentiva's positioning and recognition are thanks to every single employee's efforts.

### **What are the challenges and benefits of having such a diversified portfolio?**

With more than 140 brands Zentiva has one of the biggest portfolios in the market and this one of its strengths. We are a key and relevant producer in major therapies such as cardiology, urology, pain management, osteoporosis, rheumatology and in the hospital market. As the portfolio covers major chronic diseases, Zentiva supports and promotes treatment compliance for patients to control the conditions, prevent aggravation and provide a better quality of life. Furthermore, modern and affordable generics consistently contributes to easy treatment accessibility for patients.

In cardiology, we have introduced statins and an array of hypertensive drugs of which we are very proud. Additionally, we have a large pain portfolio and Algocalmin is the leader in the market in terms of volume. In Romania, there was an award for the most trusted brand for pain relief, which Algocalmin won ten years in a row.

For hospitals, the biggest part of the portfolio is produced in our factory and we have a 40 percent market share for generics in that segment.

### **Where do you see the growth coming from?**

The growth is coming from generics and we are planning to launch 10 new drugs. These will strengthen all of our therapeutic areas as we aim to consolidate Zentiva's position in cardiology, oncology and hospital care.

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Additionally, the OTC segment is very dynamic, and we are aiming to introduce new products to capitalize on this vibrant market.

### **What makes a good product launch in Romania?**

It is important to launch a product when the originator's patent expires (at patex) but also to support the launch with scientific events as well as promotions. This way, Zentiva goes beyond the promotional activities and connects with the healthcare communities via the science and the therapeutic benefits.

Nevertheless, for a product to retain its competitiveness, within a year the drug must gain significant market share to ensure its longevity.

### **How important are the Romanian affiliate for Zentiva's regional presence and export base?**

The Romanian affiliate has a strong foothold in the region as it aims to be a production hub for the group. Between 2013 and 2018, the company has invested more than EUR 19 million (USD 20.5 million) in expansion projects of its production facilities, which is proof of the importance of this affiliate.

The facilities produce competitive and high-quality products that are exported to 29 different countries, of which a majority are Western European. Additionally, the group has won four tenders in a row in Germany for metamizole's pain molecule which is produced in the Romanian factory.

### **What opportunities do you see for Zentiva to strengthen its position?**

Strategically, we want to consolidate our position as leader of the generic segment in terms of volume. In parallel, we aim to develop our position on the market for OTC medicines.

There is a great openness of the group to continue investments in Romania, but the conditions for the drug manufacturers are difficult. The clawback tax and the prices from CANAMED create unsustainable conditions for the industry. Manufacturers are constantly under pressure to give up the production of various molecules because they are no longer economically viable.

We support the implementation of measures to help the industry and to maintain the availability and accessibility of generics for patients. This entails, continue to be a partner to authorities and find solutions on the clawback calculation method, the prices in CANAMED, the increase of the budget allocated to health, and fiscal support for new investments.

### **What is your strategy for 2020?**

The strategy is to build on the strengths of the company which are its production capabilities, large and diversified portfolio in addition to the dedicated and ambitious team. OTC will also become an area of focus.

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**On a more personal note, what is your milestone for this year?**

I want to be healthy and to achieve all that we have set out to do this year. I want to make the launches successful and find new opportunities in the market. A partnership with the authorities to find solutions would be a great step forward, not just for the company but for Romanian patients in general.

Currently, Zentiva is the leader in the generics market in terms of volume with 16 percent market share, and third in value. With recent acquisitions, Zentiva will be the leading generic company in terms of volume and value.

**In the last five years, what has been your proudest achievement?**

The separation from Sanofi was an exciting and important milestone for the company. We have learned numerous lessons, and this has boosted the morale of the team as we feel we are independent now. However, I am most proud of my team as they are the biggest asset of the company and without them, Zentiva would not be able to change people's lives at this scale.

**What would be your advice for a fresh GM coming to Romania?**

To be prepared for the challenges ahead as the environment is tough. However, it offers equally many opportunities to grow and learn.

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