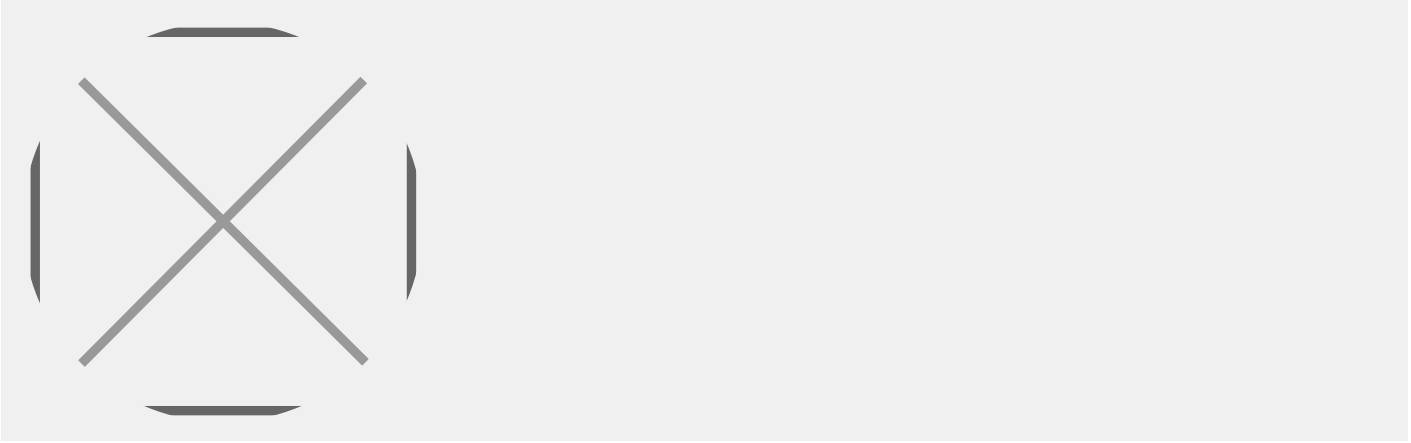
Interview: Anders Löfgren CEO, Nordic Drugs, Sweden



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Could you begin by giving a short introduction to Nordic Drugs and its current position within the structure of owner Nordic Group?

Nordic Drugs started as a 100% owned subsidiary of Ferring in January 1995. Several years later, in 1998, we were divested out from Ferring. Today we are owned by a Dutch company, Nordic Group BV in the Netherlands.

The Nordic Group is a privately-owned, fast-growing, fully-integrated, pan-European pharmaceutical marketing & sales group that gradually expanded its geographical implantation throughout Europe, starting from the base formed by Nordic Drugs. We have been an essential part of the history of Nordic Group, and we still are one of its biggest parts.

One could say that Nordic Drugs today is the Nordic arm of the Nordic Group, although a quite independent arm. The vast majority of our portfolio is regional and consists of products that we ourselves have brought in and sell only in the Nordic region.

Looking at that portfolio, over the past years we have seen Nordic Drugs undergoing a transformation from a generics company to a specialty pharmaceutical company. Could you outline why this strategic decision was made and where we stand today?

That is an interesting question. First and foremost we are a market access company for the Nordics. It is our aim to ensure that we provide the functions to, as a partner, handle a potential product from pre-registration, through registration and approval processes, take it successfully through reimbursement, to then take the product to market and work with it throughout its life cycle.

Indeed, Nordic Drugs used to be a company that focused on developing a branded generics portfolio. However, the generic reform in Sweden at the beginning of the 2000s and the emphasis on generics substitution shaped a new reality in which brands did not matter anymore. Around 2005, we realized that branded generics did not present a sustainable business proposition to us, as price was the sole remaining focus. We knew that we would not compete with global generic companies purely on a volume-driven rather than a value-driven basis.

Actually, already in 1996/7 we had started to promote our first non-generic product, Fludara or Fludarabine in oncology, around the Nordics. On a five-year contract the results were so good that our partner took the product back. That is perhaps the irony of our business model! Although we at the time did not push further in developing our specialty pharma portfolio, we did start to build up significant expertise in oncology.

Today we have actually three legs to stand on. The first leg is the generics part, which still represents one-third of our turnover. Then we have the OTC product portfolio, in which we actually just concluded a new deal for a product that will come to market on the first of July. We actually focus on specialty pharma products in OTC as well. The third leg consists of our non-OTC specialty pharma products. So today, the bigger part of our revenues comes from specialty pharma products; and this will remain an essential growth driver in the years to come.

It seems that the move to specialty pharma was part of a gradual process rather than a sudden strategic change. Is it an advantage to be a privately-owned company not having to take such decisions in the spur of the moment?

I actually believe that private ownership is one of the key reasons why Nordic Drugs still exists today. We have been blessed with an owner that has proved a very stable and far-sighted investor. Our shareholder has over the years reinvested all profits back into the company and into the Group. Without that, it would have been very difficult to grow in the way that we have over the past years. It truly has been the basis of our development.

Could you give an example of a specialty pharma product that clearly shows how Nordic Drugs can add value to its partners?

With Methadone we now have reached market leadership in a relatively crowded market. We have invested not only in marketing but also in partnerships with stakeholders close to this challenging patient group, such as the treatment clinics. We make a real effort to contribute beyond the product to the patient group and to those who work closely with them. Attention for this patient group is relatively low, and we feel there is ample room for us to offer support in a sustainable – and of course ethical – way.

Furthermore we are promoting a new oncology product, Teysuno, an oral anti-cancer agent best known for treatment of gastric cancer. It is owned by Otsuka through Taiho Pharmaceutical Co. The Nordic Group has in-licensed the product for Taiho in Europe, and Nordic Drugs is responsible for the product in the Nordic markets. We were the first in the group to get the product out and the first to get it reimbursed.

The product did not exist in the market before and greatly contributes to serve unmet medical needs. We even plan several clinical trials to further develop the indications of Teysuno in severely ill patients in the Nordics. This is a major step in our development, and one that clearly underlines that we have grown away from being a pure generics company.

It is not an easy market in which we compete with many global innovative pharmaceutical groups. But we also see that we are coming through in a good way and receive a lot of interest from doctors.

What is Nordic Drugs' key competitive advantage when you are up against the big guys?

We have very short decision-making times. We can swiftly react to the market and are a listening partner. Our resources are of course more limited than those of big pharma, but we are focused and put everything to work to meet market demands.

Overall I can say that we are perceived very positively by the medical community. They understand that we are not the same as big pharma, and want to work with us as we provide close cooperation for the benefit of the patient.

Crucial is furthermore that we have representative offices in all the Nordics and have centralized our marketing unit. In that sense, we are not only a marketing and sales company. We have extended in-house resources such as a full regulatory department, pharmacovigilance, quality assurance and supply chain management. We have a consolidated network around the Nordic region and have deep local knowledge in each Nordic market, built up over the past decades.

But still, why would potential clients chose you over big pharma as a partner to bring their products to the Nordic markets?

I am fully aware that big pharma has the capabilities to promote a product in the Nordics. But the question is: should a smaller Asian or American company with an innovative product go to them? The risk is of course that the product disappears in the massive portfolios that big pharma carries.

An innovative product with us is a highly focused product, not one in a big mix of different products. We put a lot of attention to the product and can back it as a mid-size, agile player with extensive knowledge of the Nordic environment.

We do not believe that Pfizer or AstraZeneca will come to us to promote a product, but we are a very interesting partner for up-and-coming, research-intense, innovative companies in a developing phase that makes them not interesting for big pharma yet.

A lot of pharmaceutical companies that are looking to enter Europe today focus on the big five: the UK, Germany, France, Spain, and Italy. The countries of the Nordic region combined form the 12th largest economy in the world, but often the realization that the region consists of five smaller countries with a lot of similarities, but also significant differences, is enough to make potential new entrants hesitant on how, or if at all, to proceed. The investments needed to enter each separate country are very high, and the process of setting up local representation has to commence years before the first product can be brought to market.

Here Nordic Drugs comes in. We can take the product through all stages; we have the knowledge and the organization to do so in all five Nordic countries: Denmark, Finland, Sweden, Norway, and Iceland; and we have the track record to prove that we mean business.

A market access company of our size and our capabilities is unique in this region.

As perhaps the leading home-grown market access company of the Nordic region, could you tell us to which extent you believe that Sweden can be a frontrunner in developing new market access models?

The pharmaceutical industry is going of course through very turbulent times, with tougher market access because of changing ethical conceptions that prescribe restricted interaction with medical personnel. I believe this is a healthy development, but sometimes we perhaps push it a bit too far. Let us not forget that we, the pharmaceutical industry, have knowledge around our products that nobody else has.

The industry has to work in a sustainable manner. We have to show a long-term vision and reach growth targets in an ethical, controlled way and through knowledge and good partnership, not just with the company with the product but also with the healthcare sector.

So many partners are now taking a more prominent role in treating disease. The doctor is still the pivotal figure, but the payers are today much more present as well. The different configuration of stakeholders has made it a more complex area to handle. Different groups have to be approached in a different way.

Nordic Drugs, and the whole Nordic pharmaceutical industry, has changed the role of sales reps to key account managers; a result of focused efforts to ensure that the whole chain in the company has a solid ethical and knowledge base to stand on. We put a lot of effort in making sure that everybody in the company understands in what market we work and how we should function in it the best possible way.

Today, our key account managers work in a completely different way from ten years back. No longer do they just operate to differentiate versus competitors, but they actually identify barriers in the identification, diagnosis of patients and solutions to bring better adherence to patients.

You have taken Nordic Drugs through impressive changes in the past years. Let us start looking ahead. Where do you want the company to be in five years' time?

First of all we would like to strengthen our oncology portfolio. We are building up very substantial knowledge in this area. I would also like to strengthen our OTC portfolio and extend it over the other Nordic markets – today that part of the business is still quite heavily tilted towards Sweden.

I believe we can double in size in the coming five years – that means that we have to average an annual growth rate of 15 percent. That is an ambitious target, also as the market is going down slightly, but it is possible. We have the right structure, the right capacity, and the right partners.

Being able to quickly renew the portfolio is key for a company like Nordic Drugs in today's quickly changing pharmaceutical industry. In the last couple of years, our sales development has been slightly flat. What is not reflected in those figures though is that we have lost sales of about 10 million euro in the past decade, and have been able to replace that with new products to keep the same level of sales.

I do not think that there are many companies out there that have lost as much sales as us in a similar time frame and still succeeded in keeping sales and profits up. If we would have kept all products that we have lost over the past ten years, the company would have turned over at least 10-12 million more; but it is the price we have paid for the transition to specialty pharma.

With our current structure in place, I am confident that we can more than make up for this in the coming five years.

What keeps you motivated after so many years at the helm of the company?

I have lived and worked with this company for so many years and have seen it grow from a small company to a mid-size company in a region that combined is one of the biggest pharmaceutical markets in the world. Nordic Drugs is part of my life. That is a motivation in itself. And I still see growth potential; else I would no longer be here.

When I started in 1996, we turned over one-tenth of what we turn over today, and we grew with profit almost every year since 1996, so actually the current ambitions are perfectly in line with past achievements!

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