Interview with Viktor Shafranskyi, General Manager, IPSEN Ukraine

08.12.2011

Tags: Ipsen Ukraine

viktor-shafranskyi-general-manager.jpg

Ipsen has showed some very good results worldwide in 2010 and so far this year, specifically in non-Western European markets that grew by 12% in 2010. How have the Ukrainian operations of Ipsen been faring in comparison to the global performance of the company?

Let me first provide you a brief overview of Ipsen's background in Ukraine. Ipsen started its activities in Ukraine around 20 years ago, with the promotion of a group of legacy products, the majority of which were dedicated to the treatment of gastrointestinal diseases. A couple of years later, Ipsen introduced its innovative franchise, whose three main therapeutic areas are in oncology, endocrinology, and for the treatment of neuro-muscular disorders. For the moment, the company's strategic focus is to expand its innovative franchise and to push these medicines forward into the market.

Over the past seven years, the range of strategic products in our portfolio has more than doubled. At the beginning of 2004, about 30% of our sales came from our innovative franchise, whereas by the end of this year we are expecting around 60% of sales to be generated by our innovative medicines. Furthermore, we have taken a number steps to ensure that we achieve our ambitious objectives. This included the restructuring of our team, building productive and transparent cooperation with key decision-makers and opinion leaders, introducing new promotional methods, and restructuring the model of cooperation with our distributors and improved our distribution models.

Given such changes, what is the operational structure of Ipsen in Ukraine today?

Ipsen Ukraine is in the process of restructuring its organization, as part of a global Ipsen restructuring. Currently, Ukraine falls under Ipsen's European region; however, as of January 1, 2012 the Ukrainian operations will be moved to the intercontinental operations. This community includes Russia, China, Latin America, Australia; everything except Europe. As part of this reorganization, my area of responsibility will be expanded to include Ukraine, Moldova and Belarus.

Your colleague Adrianne de Waal of Ipsen Netherlands told us that Ipsen's specialty care product line was one of their strategic priorities, because it offered the most secure growth potential in the pharmaceutical market. Is this is one of Ipsen's priorities in the Ukraine?

Primary care is an important part of our portfolio, and we will continue our activities in this area, building on our many achievements and positive growth percentages in this area. But the main direction for Ipsen Ukraine is to grow through our high-tech medicines for oncology, endocrinology medicine, and treatment of neuro-muscular disorders, whose growth exceeds that of primary care products. We actually expect double digit growth in the years to come for all of these high-tech treatments.

The Ukrainian market is characterized by the dominance of generics. How is it that Ipsen's innovative products are so easily accepted in this market? Do patients and doctors understand the value of the innovative products, particularly in the niche markets that you are active in?

The Ukrainian market consists of 90% generic medicines, and innovative medicine makes up just 10% of the total market. Still, part of the Ukrainian medical community is interested in efficient medicine that can overcome diseases that we could not treat 10-20 years ago. There are many cases in which, with the help of our medicines, diseases have been treated efficiently and lives were extended and saved. I am therefore proud of our medicines. Ipsen's medicines are successful because of their efficiency, and their success is the main platform for the company's future growth.

Part of the key to success for innovative medicine is educating Ukrainian doctors and patient about the benefits of these treatments. What kind of activities does Ipsen conduct in the field of medical education?

Medical education is one of the keys of our promotional strategy in Ukraine. We use these promotional activities for all our innovative medicines, and they are popular within the medical community. During the courses that we organize for doctors, we provide them with the latest information on the benefits for treatment with our products and with excellent examples of successful treatment.

For a group of well-educated doctors, a group that is definitely present here in the Ukraine, it is highly interesting to not only use the products, but to constantly have access to the latest treatment data. As professional usage of the internet is becoming increasingly popular in Ukraine's medical community, Ipsen plans to further develop its promotional activities by increasing the importance of the internet: we are soon introducing continuous online medical courses.

The government's latest reform initiatives include health care reform pilot projects in four regions and a promise that there will be a full reimbursement system in place by 2014. Considering that you have been the head of Ipsen for more than 7 years and as a Ukrainian yourself, do you think this is the moment when such reforms will finally happen?

Ukraine is moving towards changes in its medical system; four regions have been selected for a pilot project to implement the first stages of healthcare restructuring, improving the quantity and quality of hospitals and doctors. This is a positive development, considering that before there would only be a lot of internal discussion on behalf of the authorities, but nothing would happen in the end.

A vulnerable side of the pilot project is that health care officials do not prioritize the introduction of a reimbursement system. Their first priority is to restructure the organization of the healthcare system, and only if they receive positive feedback from the four regions and have extended the reform policy over the country, they plan to implement medical insurance and reimbursement, which practically means that it will not happen before 2014.

They confirmed that indeed, only after the health care restructuring is complete will they introduce a system of healthcare insurance and reimbursement. This is not a very well-balanced healthcare restructuring policy because things will be taking place at different times. I agree with the three directions of restructuring the healthcare system and introducing medical insurance and reimbursement, but they need very probably move together, not separately step by step. Unfortunately it is quite difficult sometimes for the pharmaceutical associations to deliver their message to healthcare officials to express our difference in opinion regarding these policies.

How do you form partnerships to insure that health care officials are aware of the benefits that the reimbursement system could bring by providing innovative products such as Ipsen's to patients?

A couple of years ago, when I was the head of APRaD (Association of Pharmaceutical Research and Development) , we provided healthcare officials with information on efficient reimbursement programs in Europe and successfully informed them on the differences between a reimbursement system and a tender system. In part because of our efforts, the political community accepted the necessity to jump deep into plans for a reimbursement system and healthcare officials started to collect information and evaluate possible changes and possibilities for state medical insurance. A

discussion developed on the possible forms the medical insurance system could take.

The main obstacle for this implementation to take place is that the staff of the Health Ministry changed continuously over the past years, which does not allow for a continuous approach to the issue. A month ago, I met with the current Health Minister, among other issues we discussed I tried to convince him of the necessity to include foreign pharmaceutical producers actively in working groups for the preparation of new documents and regulations related to the industry. The minister agreed, we hope the quality of communication between professional associations and Ministry will become even more productive than before.

The reality is that after the latest presidential elections in 2010, communication between the associations and the ministry has improved. Our advice is sometimes neglected by officials, but there are also quite a few examples of efficient communication and implementation of our advice.

Ukraine has seen an increase in clinical trials recently, with a good patient pool that is willing to participate as these trials provide them with access to innovative medicine. How does Ipsen perceive the role of clinical research in the Ukraine?

Ukraine is an emerging market for clinical trials, which is a very interesting and positive development for both patients and doctors. Doctors have the ability to treat patients efficiently, and patients to receive efficient treatment free of charge. Although Ipsen RO in Ukraine is not directly involved in clinical trials, however there are some trials conducted by CROs that involve Ukrainian patients, to the satisfaction of both doctors and patients. I'm constantly promoting this approach, but we have to take into account a more visible direction for clinical research in Ukraine. This is certainly something that we will be considering in the future.

If we came back in three years time, what would we find in terms of the Ukrainian pharmaceutical market and in terms of Ipsen's operations here?

The Ukrainian pharmaceutical market will certainly grow; forecasts even speak of double digit growth. The dependency of the pharmaceutical market on the average income of the population is strong, because Ukraine doesn't have a reimbursement or insurance system, but fortunately, the average income of the population is expected to grow. Minimum salary will increase by 20% this January for example, meaning that spending on medicine will grow as well. Certainly, if reimbursement is introduced, the market will explode. We support the introduction of a reimbursement for two crucial reasons: to improve the health of the population and extend life expectancy, and for the growth of the pharmaceutical sector.

Looking at Ipsen's Ukraine history of performance, our growth tends to be double that of the market, a trend we expect to continue in the coming years on the back of our high-tech products.

What is your final message to the readers of Pharmaceutical Executive?

It is a good sign that Pharmaceutical Executive focuses on Ukraine at the moment, as it confirms the potential of the country and the pharmaceutical market. Hopefully your various meetings with key decision makers will emphasize the need for the reform of the Ukrainian healthcare system and a restructuring of the pharmaceutical market.

See more interviews