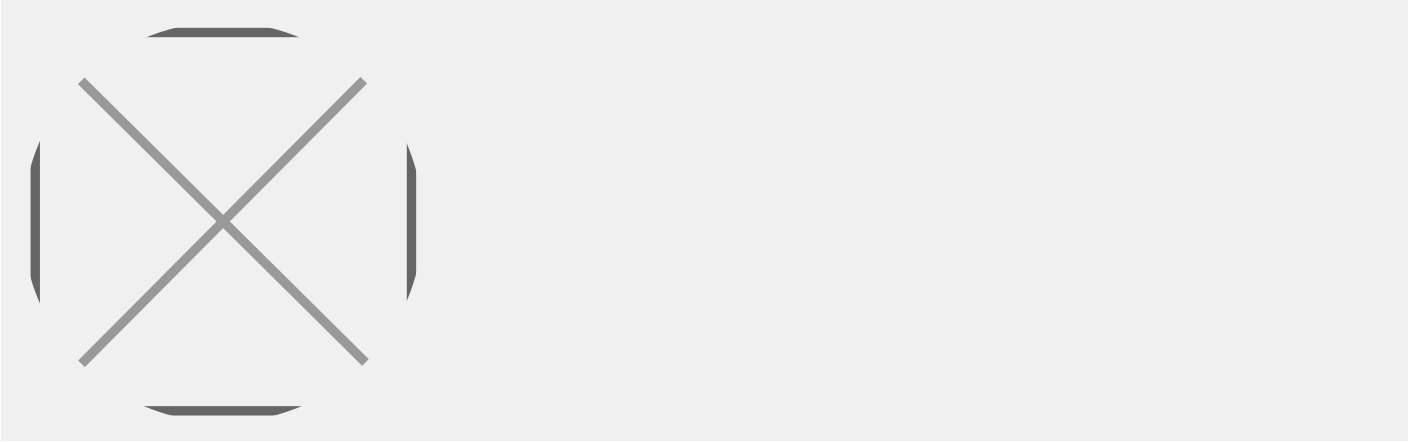
Interview with Daniel Ghozzi, Managing Director UCB CIS, UCB Russia/CIS



02.05.2011

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What were the difficulties in the CIS regions around the time of the financial crisis? Were there similarities to the situation in Russia?

Yes, the situation in the CIS was quite similar to Russia. I was hired two years ago, from within our French subsidiary, to reorganize UCB's CIS business (except Russia).

This was the post-crisis period. The big problem that we had in the CIS was that the crisis had driven a very strong devaluation in local currencies—in Ukraine, in Kazakhstan etc. The impact on UCB's business was substantial and this was the case for most pharmaceutical companies. This was my first difficulty, and first challenge.

The second challenge was that UCB's previous business was mainly based on the portfolio of Schwarz Pharma. UCB products were promoted by Solvay, and when I arrived two years ago, the company was in the process of recovering its assets from Solvay. We were also in the midst of integrating the Schwarz Pharma team into our own UCB culture and best practices. This, of course, changed people's mentalities and changed our business model, and proved to be quite difficult to implement.

Our portfolio is much attuned to the CIS market, and given the strong therapeutic options we offer for different patient needs, I think it is very important for a company like ours to have our own strategy and our own model, in these markets. Hence, UCB decided to more prominently invest in these countries.

You manage 11 countries across the CIS region. What is the structure like? How do you integrate them, and where do you find the synergies?

My 11 countries are separated into three components. The first component is the European component, encompassing Ukraine and Moldova. I have a rep office in Ukraine, where our Ukrainian country manager also is responsible for Moldova.

The second component is Central Asia, which includes five countries—Kazakhstan, of course, being the most important market there. The region also encompasses Uzbekistan, Turkmenistan, Tajikistan, and Kirgizia. These five countries are managed by a single Country Manager based in Almaty.

The final component is 'other CIS,' which includes the Caucasus (Azerbajian, Armenia, and Georgia) and Belorussia—I manage it directly from the Moscow office, where I have based a specific CIS team.

One synergy is that all 11 countries are Russian-speaking. Another is that all these countries have more or less similar healthcare systems, and take a comparable approach to business.

What is the company's strategy in these markets? These countries are mostly retail-driven and generics-based, but UCB is a high-technology biopharmaceutical company: an identity it solidified globally over the last few years. How does UCB find its niche?

This is perhaps our greatest difficulty. We indeed have a very biotechnological strategy for the future, and we have innovative drugs in our portfolio. On the other hand, we have quite famous and effective mature products, and these products currently represent more than 90% of our business in the CIS countries. These are our foundation.

Our strategy is to maintain strong sales for these mature products, but to gradually decrease their internal market share in our portfolio. At the same time, UCB will focus more on our new biotech medicines going forward. This means that our strategy is two-fold. We are working in this direction slowly, but with certainty.

We have the chance in CIS to register our new products with just a small delay from Europe. This is excellent news for the patient and physician, because until recently, products tended to be registered in our region 10 years after their approval in Europe and the U.S. Now, we have the chance to receive registration very quickly—perhaps a few months after Europe.

Do you see government initiatives in the CIS countries to support the growth of the biotech industry and the uptake of innovative and high-tech medicines—in the line of initiatives like Pharma 2020 in Russia?

I think that the CIS is not yet at the level of Russian projects like Pharma 2020. I hope that Russian progress will serve as a model and influence for the CIS market.

My concern is that the development of the biotech industry is aimed at the internal development of a country. But for me, medical products are not local, not regional, and not national—they are universal! To produce new medicines is admittedly a very long, difficult, and costly process; and to obtain the authorization to use these products in various countries is not easy. But nonetheless, this perspective of universal good must be encouraged as regions like Russia and CIS grow.

Moreover, in the CIS, we are not yet witnessing a progressive biotech push because the priority is still to combat widespread classic diseases. We have many issues, for example, in cardiology, in respiratory disease, oncology etc. Of course, it is possible to be focused on frequent diseases, and at the same time, to encourage the adoption of biotechnology—but there is no room to drive forward biotechnology at the same speed as in economically developed countries.

In the spirit of this universal good, as UCB builds a partnership for local production in Russia with Binnopharm, will the benefits be extended to the CIS?

While plans are not yet finalized, if tomorrow, UCB can facilitate the flow of medicines into the CIS region using Russian production, why not? It is a good idea.

The customs union is finalized between Belarus, Kazakhstan and Russia, but is not yet functioning. However, it is still a good example for this region of how partnership can drive us in that direction.

Why are such a fundamental portion of CIS operations based out of Russia?

The CIS countries are managed sometimes by Russia, and sometimes by Europe. But I think it makes sense that Russia and the CIS are working together, because we have a lot of similarities in our markets. I am not sure that for CIS countries it is possible, from the point of view of revenue, to have a rich and independent structure. Such a structure is very expensive, and this is why it makes sense to utilize Russian capabilities and work together to build this business. I do not think it is effective for the same people to work for both markets—but to cooperate is certainly possible, and beneficial.

You have mentioned that one of your biggest challenges has been developing the UCB business model. How have you come to define UCB in the CIS, and what is left to do?

First of all, we must ensure compliance in everything we do to protect our patients and reputation. In Europe, for example, the healthcare authority builds the compliance legislation, and everybody works within its parameters; they just have to adjust the big picture to the specific situation within their company. In the CIS, this kind of legislation is not very well developed or very well defined. This is why companies like UCB have to be even more proactive in following and implementing

compliance practices, which are in line with global standards but adapted to local law.UCB is focused on products that are—I would not say niche, but certainly focused on complex and difficult diseases. Diseases like epilepsy or Parkinson's, for instance.

The approach should be focused on patient centricity and science because these diseases require patient knowledge, patient education, and scientific collaboration with doctors. This model is not yet very advanced in the CIS region, and we have to be frontrunners in creating it.

Moving forward and as UCB becomes an ever more specialized company, it will require more and more specialized employees. How are you attracting these kinds of employees in this region?

The market here is very difficult. In Russia, it is easier than in the CIS, because the presence of a lot of expats has made Russia's market, in terms of talent and knowledge, not far off of the European market.

I think that healthcare progress and market growth are factors in developing people—developing their professionalism and skills. For the CIS countries, this process is still ongoing—more, of course, in Kazakhstan and Ukraine than in our other countries. In some countries, we have no representative office, but only a distribution channel. In this case, it is very difficult, today, to ask about the strong qualification of pharma employees.

But, we are en route to develop and more closely coach our current and prospective workforce. Also, some companies send expats to Ukraine and Kazakhstan, which I think is a good idea for the future, as it allows for exchanging competencies and experience.

For me, it is important that an employee has a strong evolutive profile, with a compliance mentality. This means that people working in companies that have never had compliance standards or ethical backgrounds, are not able to work for UCB today—and less tomorrow.

Who will be the UCB employee of tomorrow?

I think we have a chance, in our countries, to have all of our medical reps be physicians. This is quite important and good news for UCB, because of the highly technical aspects of our portfolio. We need people who have enough scientific knowledge to build meaningful contact, relationships, and partnerships with prescribing physicians.

What is your final message on behalf of UCB CIS to the readers of Pharmaceutical Executive?

We continue to aspire to be a patient–centric, global biopharmaceutical company transforming the lives of people and participating in healthcare development. We foster partnerships with physicians and healthcare organizations to increase value and efficiency. At the same time, we continuously

improve development of our team to express their talent and performance.

I’m confident in CIS economical and political development—which is why I encourage all companies to continue to register new innovative drugs, to increase investment in the region and to be positive in the future outlook.

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