Interview: Luigi Antoniazzi, General Manager, Baxter Spain

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Baxter Spain's general manager, Luigi Antoniazzi, discusses the challenges that the affiliate has faced in light of recent changes in the market, and the strategies taken to adapt to an ever-changing ecosystem for the pharmaceutical industry in the country.

You became general manager of Baxter Spain & Portugal in 2011, at the same time that pharmaceutical expenditure started to contract in Spain. What steps did you take to ensure you could continue selling products and maintain sales growth?

Given the significant shift in the market, we needed to perform an in-depth analysis to find a strategy moving forward, especially since we quickly realized it was not going to be a temporary change. It was a shift that would dramatically change the dynamics in the pharmaceutical market in Spain, and most certainly would never return to the previous situation. As such, all pharmaceutical companies had to adapt to this newfound market reality.

Baxter is strongly anchored in select therapeutic areas, such as haemophilia, chronic renal disease or nutrition, in which we specialize. Within those, the company has a clear leadership position and thus we try to communicate to prescribers, payers and policy makers at the regional and national

level the value our therapy offering represents for patients and how it contributes to a more sustainable healthcare system. The conversation, especially with payers, must go beyond therapy costs; we must also look at the value an innovative company like Baxter can provide to patients' quality of life and how it can help improve the efficiency of the healthcare system. I believe we have been able to do that in many cases. In spite of the significant cost-reduction measures, we contributed to maintaining reasonable access to the therapies we provide for patients.

Does Spain's decentralization necessitate different strategies to target each autonomous community?

The decentralized nature of the Spanish market has its pros and cons. One advantage is the opportunity to be closer to the patients, which is useful to fulfil the ultimate objective of providing a better service to the population of each region. On the flipside, needless to say, having to deal with 17 regional authorities is quite a challenge. Each one has a unique set of healthcare policies or interpretation of how healthcare services should be provided to citizens. Consequently, we have invested in our market access organization and built stronger relationships with the regional authorities to demonstrate to them the value we can provide in each therapeutic area.

What do you see as the main outcome of the recent protocol between Farmaindustria and the Ministry of Health?

The nearly 30 percent reductions in value of the market since 2010 have undoubtedly had a big impact on the industry.

But it goes beyond that, in that the government's austerity measures have created great uncertainty in the market, which creates doubt for companies that are prepared to make long-term investments in the market.

I do hope that an agreement with the government will create some stability and more predictability so that companies like Baxter can return to making long-term plans and be prepared to invest in an otherwise very attractive Spanish healthcare market.

What more needs to be done to convince the government to invest in long-term innovation, rather than short-term solutions?

In healthcare, innovation is the key element to success. While there is room for generic competition, a company like Baxter can only survive if it is able to innovate. That is why the dialogue with the government must continue; we need to ensure that innovation is recognized and that these innovations are being adopted in the market. It creates benefits for patients and the

society, and as such it should be in everyone’s interest ensuring a good access of future innovations.

Could you tell us a little bit about your manufacturing sites in Spain?

We employ around 300 people at our fluid plant in Huesca where we produce non-PVC intravenous solutions. Not only does it serve the local market, but by exporting 80 percent of what it manufactures it is also an important economic driver in the region. We are proud that we can export Spanish technology and products to the rest of Europe. As Baxter, we would certainly be willing to consider investment opportunities in Spain moving forward, provided the right conditions are put in place.

As the Spanish market continues to flounder, has this facility had to step up its game in terms of using exports as a means of providing sales for this affiliate?

Our plant in Sabiñánigo needs to be very competitive in terms of its manufacturing, technology and efficiency. That has been the focus of this plant, and thanks to the investments made over the years, Sabiñánigo is one of the most efficient and automated plants we have in Baxter’s European network.

How is Baxter’s portfolio represented in Spain?

We have a broad presence across all of Baxter’s therapeutic areas. We have a diversified portfolio, and have a strong presence especially in hemophilia, renal and the hospitals across Spain with our hospital care division.

Does Baxter’s presence in Spain today reflect the objectives that you set out when you first took over this affiliate?

Baxter Spain is on the path to realize the strategy that was set out three years ago. This is a continuum. We set objectives and we revise them. We have strengthened our position in all key segments and therapeutic areas. We have made significant progress in our Renal Division with the acquisition of Gambro. This has allowed us to complete our product offering, which includes all types of renal replacement therapies, be that for patients treated at home or in the hospital. This is a good example of how we believe we can add value. In our Renal Division in Spain, we have a vertically integrated service offering. We can offer products for hemodialysis, peritoneal dialysis or acute dialysis, but also services related to the treatment of dialysis patients, given the fact that we also operate several dialysis clinics in Spain.

How do you maintain company morale in times of crisis?

Clearly, we have been impacted by the government's cost reduction measures, but we did not have to go though huge restructuring or downsizings as a result of it. This does not mean we did not have to care for our employees. These are very difficult times for our teams and it is important to keep them not just motivated, but to build and unite the team around a single goal. We continue to communicate clearly on our vision and strategy and provide a healthy and friendly work environment. I am pleased that Baxter Spain's efforts were recognized with the "Great Place to Work" award. We continued to invest in developing and training our team: last year alone we invested more than 10,000 hours in training. We continue to invest in developing the skills we need and in developing our talent, so that we are even better prepared to address the challenges ahead. Investing in people is an investment in our future and key to securing our long-term success.

How do you attract the best talent there is to offer in Spain?

We have a highly professional environment. We can offer many opportunities in a work ecosystem that is not only professionally challenging but also pleasant to work in. Baxter has created a culture based on caring for patients, caring for our employees and for the local societies we operate in, to which we contribute through our volunteer program.

Where will Baxter Spain be in the next few years?

You will see a company that has clearly evolved from where we are today. One of the great advantages and challenges we have at the same time is the strong product portfolio and a pipeline that will allow us to bring new, innovative products to the market. This will drive revenue growth and provide great professional development opportunities. Baxter will evolve and grow on the basis of its strengths as an organization and its innovative products. For the rest, we will continue to assess different options how to best drive innovation and deliver value to all our stakeholders.

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