Interview: Petru Craciun – General Manager, Cegedim Romania

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The longstanding GM of one of the foremost data management services companies for Romanian healthcare analyses some of the key trends sweeping the industry while at he same time outlining the transformational changes taking place with Cegedim's own service offering.

Since we last sat down with you in 2011, what changes has Cegedim seen with regards to its services portfolio?

Cegedim continues to challenge the market by always rising above the average. In the first half of the financial crisis we were ahead of the game and doing quite well, but currently there are some constraints that have occurred as a result of policy changes in the Romanian pharmaceutical industry. As general manager, I always try and challenge policymakers and others involved within the industry to make better decisions that help investors, decision makers and constituents in the long-term. As a result of the challenges and constraints that the local market is currently facing we have reassessed our vision for the company. For example, we now try and tailor our services more for our clients and focus on research and development so we can be innovative in the market.

What are the biggest challenges the pharmaceutical industry is currently facing?

The current market has challenges in growth, but still has potential even though I believe the market missed the opportunity to properly position itself in the industry after the crisis. I argue that both the healthcare and the pharmaceutical markets work hand-in-hand and as such both need to

grow congruently in order for both sectors to succeed, yet the Romanian healthcare system has become stagnated and has caused issues for the pharmaceutical market. In order to correct the issues the pharmaceutical industry is currently facing the healthcare system must be reformed.

The inconsistency in policymaking has led the international investor community to have some hesitations about the Romanian pharmaceutical industry, but if companies posses the right knowledge then they can still achieve a level of success, even under the current circumstances, but it is necessary to have access to the correct information.

What are the missed opportunities that you have seen during Romania's current transformative period and what can be done to correct it?

As an industry, we need to act more prudently and negotiate more. During the crisis the industry held itself together regardless of banks and creditors going under. As an industry we needed policymakers to lend a hand and help guide the industry so it can achieve more success in the future. Unfortunately, that window closed and we missed the opportunity to bring policymakers and industry leaders to the table and create policies that would promote sustainability, predictability and transparency during periods of financial crisis.

On the flip side, not all policy changes have resulted in negative results. As a result of the crisis we were able to create a platform for people to voice their opinions and create public debate, which is needed within the pharmaceutical industry. Some individuals within the industry now argue that our system allows all stakeholders to voice their opinions and concerns, yet I argue that it is too limited and we need to create more roundtable discussions in order to have more successful results.

All in all, the industry needs to create a united front in order to advance our interests and ensure that our concerns are taken into consideration by policymakers. Only through unification will we be able to reassess the healthcare system in Romania and help reconfigure the pharmaceutical industry's role as researchers, investors and providers.

Since the privatization of the healthcare industry failed in 2012, what are your thoughts on whether the political will to create change has been diminished?

It is hard to speculate whether the desire of politicians and activists has been diminished, but I believe that through certain failures we are able to find a middle ground and create better policies that encompass different stakeholder's agendas. Currently, traditional interest groups are resisting change because there is a lack of ability to see what benefits changes will bring in the long term,

but it is important to always advocate for positive change. For example, we have had quite a few issues with corruption in recent history, but because society has demanded change we have voted in different political leaders. I believe Romania's biggest issues to tackle are healthcare and education and I believe positive policy changes will encourage industry growth and investment.

What is your future outlook for Romania's healthcare and pharmaceutical industries?

Romania's pharmaceutical industry is growing, but years ago we were closer to other Central Eastern European (CEE) markets, such as Poland and the Czech Republic, but we are no longer growing at the same rate as these nations because Romania's growth stagnated after the crisis. It is currently at a questionable rate, but I have faith we are on our way up.

Currently, Romania remains very competitive with regards to clinical testing and we continue to produce a highly educated workforce, yet the challenge will be to keep healthcare professionals in Romania and create policies that encourage companies to remain in Romania and invest in market niches they feel confident in, like clinical testing.

What new products and services is Cegedim offering to remain competitive within the Romanian pharmaceutical market?

The pharmaceutical industry is currently facing challenges both in Europe and abroad and that is why it is necessary to have a more complete portfolio of services. The current domestic market in Romania is even more challenging than other markets because of policy shifts, but there are opportunities to invest in research and development and develop new services. Cegedim now offers a more competitive array of services for our clients and is working hard to reform the healthcare industry by working alongside other industry players and making sure that our needs are met.

Moreover, taking into account the current reduction price policies of medicine and the "claw back" tax that is supposed to align Romanian pharmaceutical taxes become comparable with other European markets there are two parts in which Cegedim can capitalize on the current market. First, it is important to support product availability to our clients by anticipating product demand. Second, there is an opportunity to optimize profits by reinforcing the linkages between the seller, the retailer and the client. By understanding our client's portfolios we have an opportunity to increase sales and capitalize on their demands.

What policy and market changes do you expect to see over the next five years?

After having experienced positive growth in the past we experienced a set back due to the global crisis and presently we are reassessing our strategy as a nation. At this time Romania is still experiencing “growing pains” and it is not yet evident what will result of all the new policy changes, but I am hopeful that as time progresses there will be modifications within the healthcare industry which lead to conclusive changes.

In my opinion, our future lies in our talent and presently many Romanian doctors are leaving and moving to Western Europe because of higher salaries, but I hope to see affirmative results from our policy changes that encourage brilliant Romanian healthcare practitioners to remain here and help shift healthcare policies that benefit the healthcare industry as a whole.

As a company, Cegedim is working hand-in-hand with our clients and policymakers to help diversify our portfolio and influence decision makers to create policies that bolster investment in the pharmaceutical and healthcare industries.

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