Interview: Arnoldas Doviltis – General Manager, Ferring Austria



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Arnoldas Doviltis, general manager of Ferring Austria, a research-driven Swiss biopharmaceutical company, elaborates on the autonomous nature of local Ferring affiliates and how this allows a tailored approach to conduct Austrian operations. Furthermore, he provides an insight into the peculiarities of market access within Austria compared to other European nations as well as how the exciting probiotic range is seen as a game changer for Ferring within the Austrian market.

Could you please introduce to our international readers the current operations of Ferring Austria and how your experience has prepared you for such a task?

Ferring is a specialty, largely niche specialty, private pharmaceutical company. Globally fertility is the largest business for Ferring, however, Austria has been the most successful among all affiliates worldwide in terms of obstetrics. In addition, Ferring in Austria is active in gastroenterology, urology, fertility, paediatrics and paediatric endocrinology. We have a small, very experienced and entrepreneurial team. In Austria, Ferring faces the twin brother of success; complacency.

My career in pharma started more than 20 years ago when I joined Eli Lilly to build operations in Lithuania, Latvia and Estonia from ground zero. After spending five years in the Baltics, I was leading a major commercial transformation program across Europe and my final assignment at Lilly was accelerating sales growth in Romania. I joined Ferring as general manager in Slovakia to achieve double digit growth with a current portfolio. So far, I have managed to find the right recipe

for success in very different healthcare systems and cultures and I can happily say that thanks to our team’s efforts, the Austrian affiliate grew 12 percent last year.

What are the differences you have noticed in moving from a publicly owned company to Ferring, a famously family-owned entity?

The fundamental difference lies in the fact that Ferring is a very decentralised company, with Chairman Frederik Paulsen insisting that Ferring is run as a multi-local multinational company. Affiliates at Ferring are very autonomous and are expected to act as entrepreneurs. 90 percent of all decision-making is made at the local level, so it is done quickly. We do not have to spend so much time on things like PowerPoint presentations, and can focus more on our customers. You could probably even claim that the bureaucracy is much less prevalent, without compromising internal controls or compliance.

How would you describe the current Austrian pharmaceutical environment?

If more European countries offered the same market access conditions as Austria, it would be fantastic news for pharmaceutical companies and patients. While here you must follow strict processes, it is a rather quick and fair system. In fact, due to my past professional experience, I can safely say Austria has a very well-balanced system in terms of access to innovation.

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Austria has a very patient oriented social reimbursement system that rewards innovation. For example, Gilead’s Sovaldi®, was not officially reimbursed within the box system. However, effective products against critical diseases can be reimbursed on an individual basis if approved by the chief doctor and this has allowed Gilead to grow a strong foothold in the market.

From an industry perspective, Austrian legislation prices products based on European averages. The combination of these reasonable prices and overall stability creates favourable market conditions. This is vastly different to my time in Slovakia, or even to my fellow general manager´s experience in other western European countries where prices are constantly driven don. Austrian patients are very lucky to have the current healthcare system and the same applies to pharma industry.

What must Austria do to be seen globally as an innovation hub?

It is a tough question. For Austria, it will be always a challenge to escape Germany’s shadow. Germany has a ten times larger population, strong innovative chemical and pharmaceutical

companies and higher prices for pharmaceuticals.

Germany spends bigger a larger percentage of GDP on healthcare than Austria, but my impression is that the quality of healthcare is higher in Austria. I see a specific example in obstetrics: women in Austria get better, more innovative care than in Germany.

Austria has what I call a very strong “wellness” culture which is deeply ingrained in the national psyche. In medicine, it is manifested in doctors being very open to innovation, looking holistically, searching for individual solutions and being really patient-centric. Many German doctors come to work to Austria, with the majority staying and adapting to the Austrian ways.

The pharmaceutical industry should clearly do more research in Austria, as it has excellent specialists and infrastructure. Austrians on the other hand should be less discrete and modest about themselves and their achievements. Here is one Austrian medical anecdote: there are 40 medical students in the auditorium, 38 Austrians and two Germans; who talks most of the time? The two German students, while the 38 Austrians politely listen. Austria is the home country of Red Bull; there is definitely more than meets the eye here.

How does Ferring navigate the healthcare system and gain market access for its innovative drugs?

From a European perspective, gaining market access within the Austrian healthcare system is relatively simple, it is all a matter of submitting dossiers. Throughout each step of the process concerns are clearly defined, times are respected and there is a fair amount of exchange between company and the authorities.

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Companies must apply for the reimbursement within the so called “box system”. “Green” box grants full reimbursement with no restrictions, but requires the acceptance of a lower sales price. There are two “Yellow” boxes: “Light Yellow” and “Dark Yellow”. There are some restrictions, including a need to get an electronic approval from the chief physician for the “Dark Yellow” and this comes with a smaller reduction from the original price. The company makes a decision which box status to choose. It could even choose “No box” status – no reimbursement and free pricing.

Ferring´s latest approved product, Recovelle®, the first recombinant gonadotropin derived from a human cell line, was launched smoothly in April this year. Cortiment®, a gastroenterology drug, took a little bit longer to get reimbursement in December 2015, but this was mainly because in order to be competitive we had to apply for the “Green” box status.

Which therapeutic areas do you see growing and how will you tailor your portfolio?

We have been growing double digits in gastroenterology, fertility and paediatric endocrinology last year. We expect to maintain this pace and accelerate our growth in urology and paediatrics, as we have changed our sales force structure and increased the number of sales representatives, while keeping overall affiliate headcount flat.

There is an exciting opportunity in the Austrian market for probiotics. The Austrian probiotic market, at 37 million EUR (43.5 million USD), is twice as big as Spain, at 18 million EUR (21 million USD), revenue wise and ten times larger if you take the population differences into account. Our main competitive advantage will relate to the scientific evidence communication around these products. While many of the existing probiotic companies in the market are very good marketers, their products lack scientifically based evidence of their efficacy.

From your many years of experience, what would you pinpoint as your recipe for success?

There are no general recipes for success. Each situation is individual and requires specially designed solutions. All leaders in business are expected to come up and implement solutions quickly. It works for problems with relatively uncomplicated root causes, however many difficult, chronic problems have multiple, complicated root causes. This is the reason why so many “solutions” fail; they do not address the key root causes. My advice would be to invest enough time and effort to understand the root causes of the problems before starting designing solutions and then over the years master the application of a broad tool box of solutions as possible. Ask questions from many different people, listen and, of course, have some luck on your side.

Where will we see the Austrian affiliate in the upcoming years?

We are implementing quite massive changes in how we operate as Ferring in Austria. We could see already some first “quick wins”. I do see growth opportunities in all our therapeutic areas, except the obstetrics. We will grow our business, develop people and will become a great place to work.

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