

Ahmed Ezz El-Din - CEO, Cleopatra Hospitals Group



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Building on a stellar career in pharma and medtech both in Egypt and internationally, Ahmed Ezz El-Din now serves as CEO of Cleopatra Hospitals Group, Egypt's largest private hospital provider. Dr Ezz El-Din explains why implementing an organisational and management structure based on that of the pharma industry helps Cleopatra stand out above the crowd, opportunities related to Egypt's rollout of universal healthcare insurance, and the country's strong fundamentals as a healthcare investment destination and medical tourism hub.

Can you outline your extensive experience in pharma and medtech?

Simply put, I have always tried to be a winner and top of the field wherever I have been working. Having started out at MSD as a medical rep in the 1980s, I rose through the ranks in Egypt and the Gulf countries and was even awarded top employee for the Middle East region. Following that I moved to head office in the US for a couple of years, before working between the company's French and Egyptian offices in international marketing roles, and becoming sales director for Saudi Arabia. I owe a lot of my subsequent successes to the training and development I received during my 18 years with the company.

When my daughter went to university, we moved as a family from Saudi Arabia back to Egypt, where I was headhunted by Glaxo Wellcome to become its commercial director. I subsequently played a key role in the integration of SmithKlineBeecham in Egypt and took on an additional role

as managing director for Sudan and Libya.

Following this success at GSK, in 2015 I was headhunted by Johnson & Johnson Medical Devices, then the number one company in the medtech market. While this was also a fantastic and enriching experience, it was somewhat of a culture shock to move from pharma to medtech.

What is Cleopatra Group today and how would you characterise its business model?

Cleopatra Group is the largest private hospital group in Egypt. The Group's success can be clearly seen in the fact that its value has multiplied sevenfold since its first listing on the Egyptian stock market in 2016. Cleopatra Group is the only healthcare stock available on the EGX30, the top 30 stocks in Egypt.

The hospital business in Egypt is extremely fragmented, with only a few hospitals having over 100 beds and most institutions owned by an individual doctor and their family or a group of doctors. However, Cleopatra took a different route, with a matrix organisation as seen within pharma companies, a CEO (myself) with extensive industry experience, and a very strong board of directors. Moreover, the Group has developed robust systems in information technology (IT), human resources, supply chain, procurement, digital transformation, and revenue cycle management. All our department heads have clear key performance indicators (KPIs) and standard operating procedures (SOPs), and Cleopatra stands head and shoulders above the regional competition as the only fully-fledged corporate hospital system.

Was the Group built as a grassroots investment or an acquisition of existing assets?

What assets come under the Group's umbrella?

Cleopatra Group was built up via a series of acquisitions of existing assets. The Group began with the outright acquisition of four hospitals before floating on the stock market with a strong IPO in June 2016. Billions of pounds have been invested in renovation and fully integrated state-of-the-art hospital information and enterprise resource planning (ERP) systems.

Since 2018, the Group has also been acquiring both greenfield and brownfield sites and now has six fully operational hospitals, three polyclinics, a fully-fledged centre for in-vitro fertilisation (IVF), and a state-of-the-art facility for rehabilitation and physiotherapy, known as Haven. This last facility is run by Cleopatra under an 18-year concession from the Ministry of the Interior and I truly believe

it to be the best facility of its type in the world. Under another concession, this time from the Ministry of Petroleum, we also operate a 200-bed hospital in New Cairo. In total, we oversee over 1,200 beds across all our facilities.

What fundamentals were in place in Egypt to justify this massive investment over the past six years?

Egypt is a very attractive investment destination in terms of hospitals, *if* the right management can be found. Every year, 2.5 million children are born in the country, life expectancy is increasing, as is the need for chronic disease therapies. In essence, Egypt has some of the characteristics of both developing and developed countries, and – with the right business model – hospitals can generate high double-digital growth in both revenues and profits.

Why do you place such emphasis on the importance of professionalised management?

Doctors are not trained in the management of a business; rather in how to consult and conduct surgical procedures. We therefore allow doctors to get on with their jobs through providing them with the latest technology and systems while we as a management team look after all other functions, from HR to finance, government interactions, approvals, and acquisitions.

Moreover, our group's slogan is "excellence in healthcare" with a vision to improve each patient's quality of life. We are *the* only Group in the region to have a fully-fledged Medical Council in every hospital as well as a National Medical Council to manage the entire Group.

What kinds of technology is Cleopatra Group investing in and how does this stand to affect patient care in its hospitals?

Although Egypt is suffering from a worsening economic situation, Cleopatra Group has continued to spend billions of pounds on new investments. Six months ago, we launched Egypt's first-ever robotic surgery, we have a state-of-the-art cardiology centre with electrophysiology facilities, and are creating 10 centres of excellence for renal dialysis and renal transplantation.

These technological investments are complemented by a wealth of scientific partnerships from a host of top pharma companies. We are able to share fully-integrated data for our 1.2 million

patients, which is of great interest to these companies as they work to ensure their medications have the correct results, monitor side-effects, and even conduct post-marketing surveillance trials. Patients have a standardised record across the entire hospital group, which is highly valuable.

What model is Cleopatra Group utilising for healthcare professionals; can doctors split their time between working in Group hospitals and elsewhere, for example?

They can. Our model works because it offers a win-win agreement with consultants, who are able to maintain their names, images, and income. We give them the volume but also allow them to go into their universities and even private clinics, if applicable. Patients cannot be taken from the Group and treated elsewhere, unless we are unable to provide the service ourselves. In these cases, we transfer the patient at our cost using our ambulances.

With this data that is being generated, might there be an opportunity for pharma companies to place more clinical trial activities within your hospitals?

We are already working on this with both multinational and local companies. Cleopatra Group has 14 different committees within every hospital, including a Pharmaceutical and Therapeutics (P&T) Committee, which oversees that hospital's drug formulary.

Phase III clinical trials are still not being conducted in Egypt, but this is something that is being discussed in parliament. However, we are working on the post-marketing surveillance system, generating data about previously-approved products being tried out in new indications or different dosages. This anonymised data can be shared with researchers, and our Group's P&T Committees have already published three papers using it.

Egypt's universal healthcare push stands to bring Egypt's entire 100 million-plus population under some form of public health insurance for the first time. As a private healthcare provider, do you see this as a threat or an opportunity?

Cleopatra Group one of the health insurance program's main supporters. We have invested heavily on aligning with the offices of the Prime Minister and Minister of Health, using our hospitals in Port Said and training up over 1,000 medical and non-medical employees.

As an Egyptian, I can freely admit that we have many poor people that really need the attention, making universal health insurance a net positive for the country. As a company, we are very supportive of the initiative and are trying to jump on the opportunity via partnerships in areas including the private management of governmental hospitals.

Additionally, we have created a new franchise of the Cleopatra group called Access Healthcare. This project focuses on the hospitals under the universal health insurance program and aims to help the vast majority of patients with a convenient price level to land on a win-win agreement between us and the government.

Might we expect to see greater levels of private equity investment in Egyptian hospitals in the coming years, as we have seen in the UAE and Saudi Arabia?

Egypt is always an attractive country for healthcare, particularly for investors Saudi Arabia and the Gulf countries, but working with governmental hospitals would be difficult because of the associated costs and the relatively low price levels. Much negotiation with the Ministry of Health would be needed to close the gap between the price levels. However, the private market could be much more attractive.

We never fear competition because this competition would be for the benefit of patients. Additionally, Egypt remains a country of over 100 million patients, meaning that there is room for more actors.

The Egyptian government is attempting to position the country as a medical tourism hub for Africa. What is your take on this and what role do you foresee for Cleopatra Group?

Successful medical tourism cannot be attained and delivered by a single group of hospitals, one pharmaceutical company, or one association. It would need full-blown support from everybody in the government, as well as airports, airlines, and hotels. A heatmap of hospitals in Egypt listing all the available services would need to be created, and all the hospital groups would need to align, understanding that every actor can have a slice of the total – very large – cake.

Currently, African medical tourists are flying over Egypt to go to countries like Jordan, India, and the Philippines. While these are all good countries with compelling offers, we in Egypt should

remember that we also have a high standard of consultants – most of whom trained in the UK, the US, France, and Canada – and services, as well as the best prices in the world.

If the government was able to organise a multi-stakeholder authority to manage medical tourism it could be a great source of income. Patients would be very happy to stay in luxurious hotels, get their surgical procedures, and go home safely, all while paying just ten to 20 percent of what they would for similar levels of service elsewhere.

What is your message to potential international investors on behalf of Egypt and of Cleopatra Group?

Egypt is one of the world's biggest markets from a volume point of view. To echo the sentiments of our leaders, Egypt is an attractive investment destination, with a large and growing population coupled with a robust legal and regulatory framework. The recently announced golden business licenses are a clear signal of our government's openness to foreign investment. Cleopatra Group, as the market leaders in the private hospital space, is committed to capitalising on this positive momentum to continue to serve more and more patients – both from Egypt and beyond – with better quality healthcare services.

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