Ashraf Allam – Regional Managing Director, Middle East & Africa, Amgen



10.11.2013

Tags: UAE, Amgen, Biotech, Life Sciences, R&D

Ashraf Allam, Regional Managing Director of Amgen, talks about the main challenges the company has faced, the benefit of building a company in the UAE, and the growth strategy of Amgen—past, present and future.

Amgen is a relative newcomer to the region having only established is operations in 2006. As the man responsible for this endeavor what has been your experience thus far?

We are very proud to have been the first biotechnology company to establish itself in Dubai back in 2006. It took us a couple of years to become fully operational while we built up our local team and waited for our products to receive regulatory approvals from the local authorities. Today, the MEA region is the fastest growing area for Amgen across the world, even more than other larger emerging markets. Due to this, the region is perceived as an icon of success, and I am quite certain that many multinational pharmaceutical companies view MEA as a key growth region. We've been extremely nimble and entrepreneurial in our approach, which has allowed us to obtain the market leadership success we have achieved thus far.

Turkey used to be a part of our regional operations until 2011 when Amgen acquired one of the top five largest specialty branded Generics Company in Turkey, Mustafa Neat, for almost US$700

million. With annual revenues of more than US$200 million and manufacturing activities, the acquisition of MN gave us an opportunity to broaden our offering to patients in the region. Mustafa Nevzat specializes in the production of injectables, including antibiotics and treatments for oncology and cardiovascular diseases. As these are some of the core therapeutic areas in the Middle East, our aim is to supply patients with these affordable high-quality medicines.

What was it about Dubai that attracted you to set up your regional offices here? What are the main advantages that this city has to offer a multinational pharmaceutical company?

It wasn't an easy decision to make as there was much debate regarding where our Middle East and Africa headquarters should be based. Other options we considered included Amman, Istanbul, Cyprus, Cairo and Beirut, but in the end Dubai was easy to sell. The main advantage that Dubai offers is its ability to attract talent from all over the world because of the exceptional quality of life that people enjoy here. This goes hand-in-hand with the overall safety of the city as well as the strong political and economic stability of the country.

Furthermore, I must commend the Emirati authorities for the efforts they have taken to make Dubai the place where businesses can operate with great ease. Unlike other governments in the region, the UAE administration is welcoming and understanding of international companies, trying to accommodate as much as possible their needs. They treat companies as customers rather than simply enforcing laws and regulations without listening to the industry. In some cases they go as far as assigning specific representatives to work together with a company, to facilitate the start-up phase that typically involves large volumes of paperwork.

Dubiotech and its managing investment body, TECOM, have also been extraordinary partners throughout this entire process supporting us through every step of the way. Frankly, if I had to go through the experience of starting from scratch to establish a legal entity, I could not think of a better place to do it than Dubai in the UAE. This is also the general sentiment of the expatriates that work for us, as they repeatedly tell me how happy they are here and that they prefer to stay in Dubai and do not wish to return to Europe or wherever they come from.

Finally, Amgen has the advantage of being a relatively young company in the industry, with around 32 years of existence. What this has allowed us to do is to handpick all of the best talents throughout the industry to build one of the most ethical and professional Biopharmaceutical companies today. Furthermore, we are unique in our local operating culture through a friendly and

informal, yet structured organizational model that breeds a positive work environment in which people can thrive.

What does the Middle East & Africa region represent for the global sales of the company and how have you been faring in this region?

Typically, the Middle and East and North Africa represent around 2 percent of a pharmaceutical company's total revenues. In order to achieve this, a company should have their entire product portfolio available in the region, as well being well established in terms of its years of experience in the market. To put things into perspective, I only opened the Amgen operation here in Dubai almost six years ago. Furthermore, we do not have the rights for our entire product portfolio, because in the past, the company had out-licensed some of our products to other companies. Despite that, for a few years we have been one of the leading affiliate for Amgen in all of our emerging markets in terms of revenue and profitable growth. By the end of 2012 our CAGR was over 45 percent. While this is surely impressive, such high numbers are also due to the fact that we are still relatively young and therefore can grow quicker.

As the head of the Middle East & Africa region, to what do you attribute Amgen's vast success in this part of the world?

I have been asked this question by my management and other industry peers in the past, and my view is that we have been fortunate to be able to handpick the right talents from the beginning of our operations here. We built our team from scratch and have, therefore, ensured that we only hire the best people who can hit the ground running in this region.

When we came to the Middle East in 2006, very few people might have heard of Amgen or even knew how to spell our name. It took me some time to brand both the company and our products to make ourselves known here. The best way to brand a company is through its working assets, which meant that I had to hire the most ethical and credible people that held some sort of market value in each of their markets. I started from the top, hiring the best country managers in each market, providing them with the right remuneration and the right working environment, which often meant I had to let them do their job, support them with resources and move out of their way. From then on it was a trickle effect as I would allow the managers to select their own teams, with my approval of course, but the final choice was theirs. I have been personally involved in the hiring of every

single person that has come on board, and I believe this has been the core reason for our success.

How were you able to attract the best and brightest talents in the region?

My belief is that people always decide to work for good leaders—they don't only work for money and large companies—they are usually loyal to their leaders and teams. I will only be able to attract people from other companies if they feel that the work environment Amgen is offering is more positive than what they have in other places, and if they see that the career development opportunities for them are brighter with us.

Finally, I have always been of the mentality that the coach should believe in the players as much as they should believe in him. This is what I have applied here at Amgen and so far it has generated great retention, as I have not lost any of my top staff members to date. On the other hand, when I attend meetings with government officials they always perceive Amgen with respect and value. This means that my team has been successful at branding the company and cultivating a positive message in the minds of stakeholders. Furthermore, whenever there is an opening at Amgen we are flooded with CVs of good candidates, which indicate to me that the market also perceives us as a great place to work.

The numbers alone are a testament to your success in driving the growth strategy of Amgen in this region with a clear vision, strategy and execution. What have been the main challenges for you to achieve this?

The Middle East remains one of the most complex markets to operate in due to the regulatory systems that could be burdensome and often require a lot of time to get products approved. Similarly, pricing is also a challenge for the industry because each country has its own standards and rules as to how drugs are to be priced. There is a general call for governments in the region to harmonize their regulations to facilitate the overall access to medicines and serve more patients, but this could take some time to accomplish.

The UAE is probably amongst the better and more advanced regulatory systems in the region, yet there is certainly room for improvement. Last year we held a competitiveness workshop for government representatives where we discussed what was needed to improve the country's overall competitiveness, including regulatory improvements and the enforcement of intellectual property rights and access to patients.

What are the main hurdles for UAE to fully compete with other life science clusters around the world?

The UAE has done extremely well so far in a very short amount of time. They have been able to set the right atmosphere for companies to come and settle here, and in general everyone is quite comfortable and confident to do that because of the stability and security that the country can offer.

In the life sciences there are three stages of investment: 1) establishing a commercial sales and marketing office 2) conducting research, through clinical trials and similar activities, and 3) the manufacturing, which involves the transfer of knowledge and technology. It takes time for companies to evolve from one stage to the next, especially for the larger pharmaceutical companies that rely on extensive organizational structures and decision-making processes. Some futurists predict that eventually pharmaceutical companies might split or focus on three different businesses, with each taking one of those three stages, as this might prove to be more efficient and cost-effective. If we talk about manufacturing, then certainly the UAE will have to compete with other life science hubs, such as Singapore or Ireland. It won't be easy, but it can happen. The reality is that the Middle East/Africa is one of the low-hanging fruits of the pharmaceutical industry, given that the potential here is immense and greatly untapped.

The UAE alone is a small market, but I believe in the future it will serve as a strategic center and springboard from which companies will export to neighboring markets in the region. Currently, the main obstacle is the presence of many different regulatory environments in the region, with each country essentially having their own way of doing things, specific approval and pricing systems. The GCC countries have already moved towards harmonization, so when a product is approved in one of the countries it can then be marketed in the others. It is still a lengthy process, typically lasting 18-24 months for the registration and pricing of the product, so there is also a need for improvement on that front. In any case, I am confident that the UAE will eventually claim its place as an export hub once these regulatory differences have been smoothed out. The ultimate goal is to provide added value to the country, and this can be done through many different ways and not only through manufacturing.

The UAE has certainly managed the first stage of the investment cycle and now seems to be moving in the second phase attracting some companies to conduct clinical

research. How ready is this country to host clinical trials?

There is no doubt that R&D activities can become very attractive here in the UAE, for example for the initial Phases of clinical trials. The regulatory environment is very supportive of these activities and we are now beginning to see some CROs that are bringing their operations to Dubai. Amgen already started conducting some trials in the region and we are now looking to bring some trials to the UAE. As we all know, clinical research is highly regulated and ethical, which means there, needs to be in place a strong regulatory path and governance for such activities.

Now that the UAE has moved to implement this, we are confident in bringing some of our research to this country. We recently held meetings with top regulatory officials in the region to discuss how the environment can be further improved and during those talks it was decided that the target timeframe clinical research approvals could be streamlined to three months.

What is the next step for Amgen in the Middle East & Africa region?

We would like to continue our successful growth journey by expanding into new geographies; launching new products and strengthening our position with the products we currently have in the market. Another strategy is for us to in-license products from other companies that still do not have a strong presence in this region. Given our achievements since 2006, we have a lot to offer such companies and believe that we can become the partner of choice for licensed products.

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