Interview with John D Hallam, Chairman, Abex Pharmaceutica

10.08.2012

Tags: Abex Pharmaceutica

Your professional career went back and forth between creating your own business and running a smaller and very dynamic structure and managing over a thousand of employees for multinational organizations. Could you compare the two and tell us what position you enjoyed the most?

I think I prefer the creative side of the small dynamic organizations, because there is faster decision making and it is usually your own decision making where you are not having to refer to other people. On the other hand, the corporate side has a lot of benefits as well. It is a much more stable environment which offers you a lot of support structure.

A small organization often has limited resources, especially financial resources, whereas in the big corporate world, the financial support allows you to carry out more projects. Once you get it through the decision making machine, you can actually drive big initiatives, and you can make a difference.
Having said that, they both have benefits and I have enjoyed both sides. At this point of my life, though, I will not go back to corporate.

Where have you found all the energy to create a new venture from scratch at three different points in time? What’s so exciting about it?

I am a change artist. I like to look for innovation and I like to take on challenges.

Even on the corporate side, in the companies where I worked, at the time that I joined, they all had their specific needs and problems for development. CAPS Pharmaceuticals in Zimbabwe had its own issues; Sandoz, at the time I joined was going through a name change; Lennon Ltd became Aspen/Pharmacare. But in all of them, the outcome was a turnaround in the business.

Once the turnaround is done and the company is successful, I want to move on to new challenges. I am not really a maintenance manager.

What window of opportunity did you see in the South African market when you created Abex?

The South African market is small but extremely complicated. It has all the complications and challenges that bigger markets are facing, and it has a cross matrix of a whole lot of other problems to make it even more complicated.

Abex is unique in that it is a vehicle that offers value to the healthcare industry right across the product value chain. We do everything from assisting and coordinating mergers and acquisitions, doing due diligence, developing business and manufacturing strategies for small local and multinational companies, through to planning product pipelines and sourcing and developing dossiers for registration for companies.

Besides, the regulatory side has become even more complicated, and we have the eCTD (electronic Common Technical Document) offering through our partnership with Extedo. We saw that it was coming down the line so we were ahead of the game. Although it is quite difficult to get very experienced technical people for eCTD, that is what Abex is able to offer.

Moreover, I also run another company called NuCare, which is a sales and service organization focusing primarily on the doctor market. We exclusively service the biggest private doctor network in the country – CareCross.

Over the last few years, the doctors have become a highly neglected part of the market, and I foresee that the power will shift back to the doctors, especially with the National Health initiative being implemented. I think the future lies in generating prescriptions and controlling those prescriptions to the benefit of all players in the healthcare chain; from patient through the health professional to the manufacturer.

NuCare, which is an affiliate of Abex, plays a leading role in that respect considering it is the only company providing a fully integrated e-scripting system in the country, covering the whole value chain from prescription generation to product being dispensed. The pilot has been successful and we are rolling out from the first of March 2012.

That is my business model in short: Abex can source and register a product for our industry clients – and we can support their marketing efforts through the NuCare initiatives.

How has Abex performed over the past five years?

It started from nothing and I owe no one anything. The company has been successful, although it is a very slow process from a regulatory point of view.

The Medicines Control council (MCC) and the Department of Health (DOH) need a serious shake-up. They have the plans but the implementation is not happening. This is a management issue in my opinion, which the government themselves see, but as with any other huge corporate machine, they are seemingly constrained by policies.

There is a significant backlog in the MCC which has slowed down the growth potential of a new company and also the opportunity to offer the public better healthcare service for lower prices. People on the ground need support from the top, which is very slow. If you are already an established company with existing registrations, you can continue to live off that while you wait for new approvals. Our first registrations have started to come through now, so if you ask me the same question at around the same time next year, the growth will be a far bigger multiplier.

When we look at your career path, it seems that you have been extremely successful in all you have done. Did you ever come across huge difficulties in your professional career?

I try not to contemplate failure; I am always quite confident that what I am doing will be successful because it is based on careful planning upfront.

One big obstacle that I have had is actually on the NuCare side: it is the implementation of the e-scripting system (Phase 3 and 4). This sector is highly regulated; electronic prescriptions are still not legal in South Africa, whereas just about anywhere else in the world they are. We therefore have to find a way to allow for manual prescriptions to follow the electronic prescriptions. I have had a lot of frustration in the last four years because of this, but we now have a solution to this issue.

What are the priorities for 2012?

Providing an integrated electronic prescribing system is one of my priorities, so that we can service the end market – the patients and the service providers. We are in a position to offer them the products and services that they require through our formulary, which will meet their needs in terms of price and quality, in this evolving market where price has become a particularly sensitive issue.

The other challenge is to get our product developments through, to get registration approvals for our principals, and then to commercialize them here successfully.

The third area of priority for me is to move out of purely the South African market and to open up ventures elsewhere. We already have our own offices in China and have contracted with key companies there as we think this is the next frontier for drug suppliers.

From our Chinese offices, we can assure quality. We have brought our partners in China up to international standards, thus they have got European approval, FDA approval, MCC approval etc. But that is not only a 2012 priority; it is an on-going process. We have got some products coming through that will be internationalized, such as bio-similars, in about three years time and we already have multinational contracts in place.

China is the place to be now, and we believe are ten years ahead of anybody starting out there now.

What will the South Africa market look like in five years?

If you look at it with a multinational cap on, it is critical to have a pipeline and new molecules on patent coming through, otherwise you are not going to be successful. In addition, these products need to clearly add value to the patient, not just a little twist that costs more, but from a pharmaco-economic and/or clinical point of view, there needs to be added benefit to the patient.

Going forward you will find that some of the multinationals will partner with local companies rather than having their own administrative offices here – Aspen and GSK and Adcock – Merck are a good examples. This type of alliance will happen more and more, and more aggressively.

On the other hand, if you are a generic manufacturer, you need to have a broad product offering, competitive pricing, and the ability to participate in the distribution of those products to the end consumers.

We must bear in mind that the National Health initiative is coming through, whereby there is going to be more and more government influence on purchases and pricing. At the moment, there is a big disparity between private sector prices and tender prices. I think we will see a merging in the prices of medicines in both sectors with big declines in the private sector prices, especially for generics.

What role will Abex play within this context?

Abex will continue to offer product sourcing, development and registration approvals to its principals and clients. We are then able to commercialize those products through the NuCare affiliate.

In my vision, Abex will become a far more international company with the same business model that has already been proven – we have already signed contracts in Europe, Australia, New Zealand and China.

What is your final message to the readers of Pharmaceutical Executive?

From our side, we really enjoy what we are doing. We like working with the partners that we have. Today, we are able to be selective about the partners that we work with and support.

We see ourselves as a value adding support structure to the healthcare industry. We are not a competitor in any way; we actually add value from electronic dossiers to sourcing products to commercializing them.

See more interviews