Interview with Maher Kurdi, Managing Director, Hayat Pharmaceutical Industries (HPI)

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Tags: Hayat Pharmaceutical Industries (HPI)

The company was one of the last Jordanian pharma companies to be founded and started production only in 1997… How was Hayat able to establish itself among the leading pharma companies in the country so quickly? What is the key ingredient for the company's success?

We started commercial production and sales in 1998, and our launches were quite successful. Unfortunately for Hayat, many of the regulatory requirements in Jordan and the region were in transition at the time and we had to update our dossiers to meet the new requirements which delayed our plans for a couple of years.

One of Hayat's main strengths was that its founders and management came from a pharmaceutical background, and some from families that had been in the industry for generations. The company has a strong marketing background and a proper feel for the market needs, which is of course very important for a pharmaceutical company. Our focus was on quality and marketing. We were conservative in the way in which we grew and launched new products. Hayat did not try to collect a huge portfolio and was developing in-house mostly.

You mention quality and marketing as the factors that distinguished Hayat from its competitors. In which ways did Hayat's quality and marketing differentiate the company from its competitors?

There is no magic solution for this; at the end of the day Jordanian manufacturers are all generics companies competing in the same markets with the similar molecules. The advantage in Jordan

and in the MENA region is that generics are branded, which means that a manufacturer does not have to solely focus on being a competitive high volume manufacturer. Our marketing capabilities and the good networks with the medical community that Hayat was able to forge allowed us to penetrate faster, even though we were a latecomer if you will.

You took over from your father in 2002. What have been the key milestones & achievements in the company development since, and how does your strategy & approach differentiate from your father's?

My father started the company, and my sister was CEO when I took over. The company was trying to head to Europe, and the strategy that I implemented was to focus on the MENA region, because at the time I realized that our size could not give us the advantage that we needed to be successful in Europe. Nonetheless, it helped us that in 2002 we became EU certified. Hayat always had a company-wide commitment to quality, and our image and the fact that we have never had a recall is a clear testimony of that.

Your company is indeed known for its strict adherence to high-level quality standards… To which extent is HPI a frontrunner among Jordanian manufacturers when it comes to quality standards?

No Jordanian manufacturer can claim a frontrunner status when it comes to quality. Hayat is highly committed to its quality policy and cGMP standards and continuously improves its processes and personnel capabilities. This not only helps in maintaining quality but also reduces costs.

Besides contract manufacturing Hayat has a strong track record in developing and registering generics – 116 products of different molecules and in various therapeutic areas. Which therapeutic areas are driving the growth of Hayat today?

Hayat has a nice mix between OTC and ethical products, and with our OTC products we have been able to establish some leading brands in the market. Despite several competing product launches we were able to maintain our market share and continue to grow our sales over the last five years straight.

In the last three years, Hayat focused on optimization, cost reduction and process improvement in the plant. We were able to look at some high turnover items and drive cost down with process improvements without skimping on quality.

Exports to the MENA region represent a major stream of revenue for you. We have been informed by leading pharma figures in Jordan that Jordanian manufacturers face a major challenge from protectionist measures and increased investment in homegrown pharma industries throughout the

MENA region. To which extent does this pose a challenge to Hayat and how do you overcome this challenge? To which extent do you adapt your internationalization strategy?

Jordan is a small country, and in order to survive we have to look outside. With the modern machinery & technology available, Jordan's demands could be met rather quickly leaving us with plenty of capacity. So if we would not focus on exports, we would be in trouble!
In a way our small domestic market was a blessing, as it pushed Jordanian manufacturers outside, and that is why Jordan exports more than all other Arab companies together. This gave Jordanian pharmaceuticals a solid reputation and wide acceptance because we started early and certainly the industry grew and evolved and we have the know-how and skilled people in various disciplines within the industry, and we are still improving and training our people in all specialized areas even before they become a regulatory requirement.

Both in IP protection and in abstaining from protectionist measures Jordan is much stricter today than other Arab countries. How far do you believe the Jordanian government should go to protect the domestic industry through protectionist measures?

Implementing protectionist measures would be a fatal mistake. Jordan would lose more than it would gain.

Jordanian pharma has never enjoyed any form of government, custom duties protection, or import banning as we see in some countries in the region. This was in a way a blessing, because it meant we had to compete in Jordan with international players on quality and price and this allowed us to take our know how and skills outside Jordan to compete internationally. We played it in our favor; we always worked under tougher conditions than our competitors in the region. The capital, energy and labor costs are higher, so from day one we never enjoyed a favorable environment.

No doubt those competitors with access to lower cost capital & larger markets will be a threat. But I believe that no other market has the depth and skilled labor we have. This will give us a continuous advantage.

Having said that, I believe the government should really do something about speeding up the registration process for Jordanian manufacturers because the industry is a major employer, export oriented and a major source of foreign currency. Members of the industry also need to do something about consolidation and collaboration, and utilize contract manufacturing to reach some economies of scale. In the future contract manufacturing could be the solution, also reengineering the business process. We also have to present Jordan as the key to the MENA region. There are many international players that would like to get into the Middle East but they are unsure about the

politics, the legal structure and the regulatory requirements. Jordan has the best legal structure in the region and a thorough knowledge of its regulatory requirements and there is hence a function for us to fulfill.

What expansion opportunities do you identify beyond the MENA region?

Hayat is selecting a few countries in Africa, but we will be very selective. Hayat exports 55 percent of its production and 45 percent goes to the domestic market. It is our strategy to not blindly follow the 80-20 ratio between exports and domestic that applies to the industry as a whole. Nonetheless in the coming 5-10 years the ratio for Hayat will also move in favor of exports.

How will you further drive growth in the domestic market?

In a small market horizontal expansion is inevitable. You asked me earlier if we specialize in certain areas. I wish I could tell you that a company in Jordan can specialize in a certain area. We will have specialization or leadership in certain areas, but it is impossible to survive in a small market without a broad portfolio. This poses a major challenge to us, because in many big markets a plant can be dedicated to produce a single product with all the advantages that come with it. In Jordan a manufacturer has to keep switching from one item to another, and this is probably the biggest challenge for Jordanian manufacturers. The industry is starting to realize that and probably we will see more consolidation as we have seen over the past years or even more collaboration in joint development and contract manufacturing.

You have built Hayat into a highly successful company…where would you like to take Hayat in the coming three to five years?

Hayat has been growing 15 to 20 percent in sales, and we are hoping to continue our double digit growth while keeping our profitability in place. Hayat wants to cover certain areas that have not been covered so far. This year we launched one product that was first to market for which there was no originator and another product where we were first generic. We want to keep innovating and optimizing our processes and value stream and become among the first three generic players in the country.

What is your final message to the readers of Phex about Hayat as the partner of choice among the country’s pharmaceutical manufacturers?

We believe that our philosophy matches the international players that are looking for a strategic partner for Jordan and the MENA region.
Hayat thought about alliances and licensing from its inception and we managed to get a few

products under license from European manufacturers. We even have a few products manufactured in Europe and Canada under Hayat’s name. This year we will have three products contract manufactured for us in EU GMP approved facilities and we expect to launch them early next year.

Hayat is serious about expanding its portfolio for Jordan and the region through in-licensing, contract manufacturing and supply agreements.

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