

Interview: Waldemar Szwarczyński, Chairman of the Supervisory Board, Biofarm, Poland



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“Average pharmaceutical company expenditures on R&D are in the range of 13 to 15 percent of revenues: much higher than the global average, and much higher than other Polish industrial sectors,” states Waldemar Szwarczyński, founder of Biofarm, about R&D in Poland.

Last year, Biofarm celebrated its 25th anniversary, and today is one of Poland’s flagship pharmaceutical companies. What does Poland represent for Biofarm?

We are deeply attached to Poland, but we would prefer it if the environment here were a little more stable and predictable regarding doing business. This has been the case since the early days of the Polish pharmaceutical industry. Ever since Polfa, Poland’s first pharmaceutical manufacturer, was joined by other state-run companies in the market back in the late 1980s, the sector has been on a constant trajectory of change, from the privatization process and the arrival of multinational pharma companies in Poland, to the ever-changing legislative frameworks that are still shifting even today.

Poland’s new Reimbursement Act, passed in January 2012, must have been an added challenge to this stability. How did this change the way you approach innovation and R&D at Biofarm?

In general, the level of R&D in Poland is high, and many Polish companies today have their own R&D department. Poland boasts from a significant talent pool, and many companies have highly qualified workers and specialists in various fields of research within their workforce. Moreover, average pharmaceutical company expenditures on R&D are in the range of 13 to 15 percent of revenues: much higher than the global average, and much higher than other Polish industrial sectors.

Currently, both European and national funds are bringing financial help to companies wanting to develop their R&D base in Poland, but I would argue that the amount of support being provided to the industry is currently insufficient. Government participation in R&D should also be encouraged, considering the savings being made since the implementation of this new legislative framework.

It is important to understand that having in-house R&D and producing generics in-house from scratch makes sense from a cost and technological point of view. Technology transfers can be problematic; therefore, wherever possible, we prefer transferring R&D to manufacturing in-house.

You were one of the first pharmaceutical factories in the Polish market to receive a GMP (good manufacturing practices) certification. Why did you see the need to upgrade to GMP standards at a time when many others didn't?

Our idea early on was to become a dynamic international player and this meant we needed to raise our standards regardless of legal requirements, which we did with through the GMP certification in 2001. At that time getting this level of certification in Poland was extremely hard and we knew that by doing so we would create a competitive edge. Our vision at that time was accurate and by 2010 we were already exporting to ten countries across Central and Eastern Europe. Today, we are mostly focusing on Eastern European markets, which have strong growth potential, share a strong historical background with Poland, and truly have the need for our products.

Therefore today, we concentrate on finding the right partners across Europe and above all optimizing our costs to offer our clients the best prices.

Poland remains a generics-focused market (88 percent in volume and 65 percent in value) and this brings intense competition from both MNCs and local companies like Polpharma or Adamed. How does Biofarm compete in Poland?

This double-edged competition has been a challenge for us, but at the moment our objective is to be flexible and find new ways to compete and look ahead.

Our advantage is being dynamic and flexible.

Many companies are bringing innovation to the table to become more flexible and adapt faster to change. How does Biofarm relate to innovation?

Biofarm is an innovative company because all our production facilities and equipment fall under the highest European standards. We can proudly say today that our production unit at Biofarm is one of the most modern in Poland and our equipment can compare with the best pharmaceutical companies across Europe. We believe that our employees deserve the best; therefore, we are constantly renovating our equipment, from computers to iPads.

We try to spread innovative ideas in the company by giving the chance to everyone to speak for himself or herself and share his or her creativity. By creating a friendly work environment, with open spaces and special meeting places to share ideas, everyone has the chance to voice their ideas.

What are some of the social initiatives Biofarm has implemented?

Biofarm is deeply invested in charity work and corporate social responsibility. As a company, we feel that we need to share our success with our community, and therefore we have embarked upon several initiatives to bring joy to those who need it the most. For instance, we decided to reward a woman who has made a foster family by giving her a car and allowing her to take all of her children to receive proper psychological assistance. We also offered a car to the parent of a young boy affected with a severe genetic muscle disease, to allow him to go to school and fulfill his dreams. Moreover, we pride ourselves on participating in one of the biggest health charity auctions in Poland, for which our donations include advanced equipment to treat childhood diseases. Promotion of healthy lifestyles among children is very important for us and that is why Biofarm also became a main sponsor of the local junior basketball team.

What would Biofarm like to accomplish in the next five years and what are your expectations for the future of Poland?

We believe that the success of Biofarm in the future relies on its ability to partner with the right companies across Europe. This is why we have been visiting different companies in Western Europe that have experience in the pharmaceutical industry in Poland, and can help us adapt to our challenging current environment. The companies we target are constant learning organizations that have strong traditional backgrounds and yet seek modernity and flexibility, much like Biofarm.

Therefore, we hope that European legislation affecting the pharmaceutical sector will consider the smaller generics companies as well as the multinationals.

Currently, the EU is working on designing new safety packages for drugs to fight counterfeiting and control the transport of drugs across frontiers, but the reality is that this will lead into dramatic cost increases for our industry, and is largely unnecessary—our medicines are prescribed by doctors and fall under a meticulous administrative process to check the quality and safety of the products we manufacture. With the current regulations today to control drug manufacturing, the bar is already very high; patients can consume our drugs with 100 percent confidence. It is in our genes to keep adapting to the new national and international legislation, but at some point, to plan for the future, we will need a little more stability.

Lastly, the local generics industry is strong and has been here for a very long time. The government needs to realize how crucial we are for the future of Poland. Over the years we have expanded, creating new jobs, reinforcing the government's budget through taxes and providing patients with the most affordable and highest quality drugs possible. We need to work hand-in-hand as in the end the future of Poland regarding healthcare depends on the collaborative efforts of the industry and the government.

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