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The country manager of a JNJ affiliated company advocates deploying electronic healthcare techniques to transform the reach of local practitioners and speaks out about the sort of local adaptations that need to be considered when introducing new products to the Algerian market.

What is your evaluation of the Algerian pharmaceutical market? What are its unique features?

The Algerian healthcare market presents major opportunities both on the retail side and for the hospital business. Today the pharmaceutical market ranks the second biggest in Africa, while the retail market is surpassing Egypt to the number one spot. We're seeing double digit growth everywhere and the physicians are increasingly brand conscious. The hospitals, for example, are now seeking state-of-the-art devices and innovative medications. On top of that, local manufacturing is performing well now that it is highly backed by the government.

That is not to imply that there aren't challenges. The first issue facing any multinational is to get your products registered and hopefully reimbursed. If you have a hospital product then your life is easy because you have more or less guaranteed volumes of orders, but if you have a retail product then it's going to be quite a bit harder because you have to then strive for reimbursement. You can be lucky and secure proper product placement in the market following a registration process that lasts between twelve and eighteen months or you can be unlucky and not be granted reimbursement. This would effectively kill your product. A slice of the market will be unable to afford your costed medicine and, out of the rest, many will prove unwilling, because the consumer

is already in the habit of expecting the state to pay for his or her medication.

It is important to remember that in Algeria 80 percent of the population are fully reimbursed which contrasts strongly with the Gulf States where there is a much greater mix of reimbursement and out-of-pocket payment systems, or the Egyptian economy where all medical expenses are out-of-pocket. The government here has to be applauded for devising a healthcare system where 30 million out of a 39 million strong population are covered, but this obviously carries big implications for the strategies of the pharmaceutical companies. It is amazing that even chronic conditions such as cancer are fully covered and this is quite a luxury. Even in the wealthy Gulf States, it is rare to come across an equivalent.

Besides the issue of reimbursement, what other challenges do you encounter?

What is perhaps lacking from our perspective is clear guidance and transparency. What are the criteria against which our products are assessed for reimbursement? Does it have to be supported by health economics studies? Or is this a process based purely on negotiations? These are all known unknowns.

Another challenge relates to the timing. You can submit your product for registration, receive your price and then send in your confirmation for the price. In most markets, you would then directly receive the green light to proceed, but in Algeria the process seems to take a further three months. No one seems to know why. The lack of a clear and known timetable is further disconcerting and impedes our project planning.

Even government action can be conducted without proper clarity and due process. We have recently heard that the Health Ministry is now discouraging the setting up of bureaux de liaison in favour of local production. However the message was verbally delivered and there has been no formal, written directive. Instead we are compelled to try and read between the lines. Issues like this need proper discussion because right now there are more than 60 projects for local manufacturing that have been submitted to the Ministry of Health and, because many of them are competing for exactly the same space, this is causing over saturation. A balanced market simply cannot accommodate all these kinds of projects. There needs to be proper enquiry into how many of these 60 projects constitute value -additions and how many are just too much of the same thing.

Is Janssen tempted to engage in local production?

Our parent company, Johnson & Johnson, can certainly support local enterprise with technology transfer, but installing our own factory would entail substantial investment. For us the shortcut has

been to go in for a local production partnership. We have two legal entities. The bureau de liaison handles the medical affairs, the market access and regulatory navigation. It is also tasked with sales and marketing and the raising of awareness of our products through training workshops offered to health practitioners. Then we also have Janssen SPA which collaborates with a local partner, Prodiphall to form a joint venture with a view to local manufacturing and distribution. We are also in discussions with Constantine-based outfit, UPC, for local production.

Janssen in Algeria underwent a restructuring in 2011 with the bureau de liaison launched in February of 2014 so we enjoy the best of both worlds. Only a handful of multinationals in Algeria enjoy this dual function of simultaneously possessing a branding arm and commercialization arm. Beforehand we had mostly retail products such as antifungals and antipsychotics, but Johnson and Johnson has now shifted the strategic focus to emphasize five core therapy areas: oncology, anti-infectives, cardiovascular and metabolics, CNS and immunology. This has had a positive effect and last year we witnessed a very strong growth rate of 50% making us the best performer across the MENA. Our focus this year is to boost our hospital provision to 2/3 of our sales. This year we will launch two new products - one for immunological conditions and one for hepatitis C aiming at ultimate eradication.

How do you evaluate the healthcare needs of Algeria at the moment?

The country is moving from infections to chronic illnesses. The investment the government is spending in the healthcare sector is huge with much of the money being channeled directly towards infrastructure - refurbishing old hospitals and clinics and establishing new ones. Access for cancer treatment is still problematic in certain ways. Nationwide there are only four simulators for radiation therapy and they are all located in the urbanized north of the country which makes it especially difficult for families from the south when the period of therapy lasts an average of five to six consecutive weeks. Cancer is definitely the number one priority for the government and this corresponds well with our own medications for different forms of malignancy. Hepatitis C and diabetes are also high on the agenda. Dermatology is a little bit out of the picture because diseases such as psoriasis are all too often wrongly categorized as cosmetic rather than strictly medical problems. CNS has also not yet been given due attention.

What sort of adaptations have to be made for this specific market?

In the Gulf, accessibility to the internet is widespread and the e-government is transforming the reach of health practitioners. Medical use of the internet still remains weak in Algeria with a distinct lack of electronic medical records and a deficit of data. There is far too little data generation and

this makes it difficult for the government and health practitioners to identify which specific illnesses to target and where to prioritize the allocation of resources. Just because this behaviour isn't there at the moment, doesn't mean it cannot be transposed, however. I have personally spent a large part of my career as a marketer managing various health products so I always try and apply blue sky thinking and I have identified digitalized record keeping and electronic communication as a way that the health system can make swift efficiency gains.

Could the private sector not also make use of this?

Absolutely. Most of the pharma companies have offices in Alger that can adequately cover the north east, north and west of the country, but pretty much ignore the south. Why not think of using web conferencing between medical labs, physicians and the liaison offices? These are small actions that can generate big results – a 'bigger bang for your buck'. If a remotely-based physician has a specific request for information, web conferencing could provide a speedy solution. We have three people designated for deploying to the south one week three times a year. Webcasts can be used to mobilize interaction to a level far beyond these three visits per year. This is not a practice confined to the US, but a system widely used throughout the Gulf as well so there is absolutely no reason why it cannot be replicated here. This way we can help physicians to help the patients. This is another dimension of our focus on aftersales.

What challenges do you encounter in sourcing skilled labour?

In the Gulf, most of the market constitutes expats so it is easy to identify talent. This is not at all the case in Algeria. We are therefore compelled to internally focus on developing personnel through work shadowing and secondment schemes. For advanced technical functions, then, we look outside of the organization to source high skilled categories. Algerians know the country better than anyone else so my preference is always for Algerian nationals where possible.

To what extent do you see Algeria as an appropriate destination for clinical trials?

Before running a clinical trial, you need to conduct feasibility studies because Johnson & Johnson never compromises in areas like this. Some companies may conduct phase 4 trials (i.e. post marketing surveys) whereas most physicians will tell you that they require phase 2 and 3 trials. We can look into supporting the medical community for feasibility component and that would represent a start. Centres of excellence could also be established to store and process that knowledge base. In Janssen we have a world renowned European distribution centre in Europe and here in Algeria the PCH is facing challenges on the distribution part of the value chain so that is a ripe area for knowledge transfer from our part.

Everyone needs to accept that the immaturity of the market imposes certain temporary limits. Take the manufacturing of biosimilars, for example, which are not at all easy products to create. First of all you need to undertake extensive clinical trials to verify safety prior to efficacy. At the same time it needs guts from the international pharma companies to manufacture biosimilars out of their own facilities because the bulk would ordinarily be manufactured only in one place. With two bulks there is a huge risk that you end up with two very different products. With the current analytical tools that exist in this market you cannot detect the subtle differences between the products you would be creating so, all in all it would be quite a risky venture.

How strategically important then is Algeria for Janssen?

First of all, the world was exposed to the BRICs and now the second generation of BRICs is materializing of which Algeria, for the pharmaceutical domain, could perhaps count itself a member. For Janssen, Algeria is a priority along with Saudi Arabia and Egypt. Internally we have organized an emerging market cluster that reports to the Emirates and Algeria is one of those countries. Having two-legged entities does not exist yet in Saudi Arabia, which makes Algeria even more strategically important.

We do not have our own factory in Algeria, but we do have partnerships being formed to have our own products locally produced. The plan will be to test local production first, but in the long term we can certainly contemplate supplying the region. We have no fears over our capability to produce, but the clinching factor will depend on the regulatory context and complexity. It will all come down to how much the local regulatory environment constitutes an enabler to export activities.

How do you see the future outlook, Both for Algerian pharma and Janssen in Algeria?

Algeria can become the hub for the region despite regulations being somewhat more flexible in Morocco. The willingness of the government to partner with foreign incomers is a very encouraging sign that will accentuate the investor attractiveness of the market. The task at hand now is for companies like Janssen to identify the right grounds for such a project to be established that assures win-win outcomes.

Janssen aims to reach the top three in the PCH market - the gap from where we are now as number five and the first place is considerable so this is going to take a lot of hard work on our part. We also seek to have our local production successfully flowing into the market without interruption. Our final core objective will be to almost halve the timeframe for placing US medications on the local market from 3 years to 18 months. If this could be done it would be of significant benefit not

just to us, but to the local medical community as a whole.

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