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The president of Genpharma talks about the challenge of producing affordable generics in Morocco, his strategy to continue growing in Africa and how his ambition is to become “the Ryanair of African pharma”

How has the Moroccan pharmaceutical sector developed over the years, and what is its role within the broader Moroccan economy today?

Our country has passed through many different stages. Morocco underwent rapid change becoming very modern, and benefiting from many large consulting groups that helped us in this transformation. For example the Moroccan pharmaceutical industry, and the ministers of foreign trade, health and industry all worked with Boston Consulting Group (BCG) to produce a study to define a strategy for Morocco with regards to the pharmaceutical Industry.

These were not initiatives taken individually, but were really the product of a dialogue between all players. It was agreed up that the pharmaceutical sector would be one of the seven Moroccan Strategic Industrial sectors. There was a defined strategy and a logic behind the actions taken. Consequently BCG produced a strategic plan and the various ministers started to implement the relevant recommendations.

Following the BCG report, Morocco undertook an offensive supported by Maroc Export. In each country visited, you will find representatives of the pharmaceutical industry along other strategic sectors, an act which opens many doors for us. It is a diplomatic offensive seeking to reach out

beyond our traditional market, to new markets.

Maroc Export is an excellent collaboration that has allowed us to approach trade platforms such as CPhI, Arab Health, Pharmagora, which individuals companies of our size could not do alone. There has been a state push to bring together the Moroccan pharmaceutical industry and to help it to gain access to new foreign markets. I am referring to the developing countries close to us, in other words, in Africa. In the past Morocco always looked towards the north but never towards the south. When we compared ourselves, it was always to Germany, France and the USA, but never to the likes of Senegal. Before when one wanted to travel to Africa we had to go via Brussels, London or Paris. Now we can take a plane directly to another African country from Casablanca thanks to Royal Air Maroc.

Morocco's exports come primarily from phosphate, the chemical sector, with the main exporter being the state run OCP. It has well-developed infrastructure, and is a world leader. Next is tourism, with Marrakesh being a tourist hub catering for all levels of tourists. We have nearly 11 million tourists per year, which makes us the top visited tourist destinations in Africa. The other well-established sector we have is agriculture: Morocco is a green country with a tremendous level of agricultural exports to Europe. Evidently we do have natural resources.

Morocco selected other international industrial sectors, the first of which was the automotive industry. There was a partnership with Renault and Dacia, and today Renault Dacia exports over two billion euros from Morocco. Many jobs were created among local suppliers in the car industry. The next industry built up was the aviation industry. The business model follows the Mexican one, taking full advantage of our location, just 15km from Europe. Then you have offshoring, call centers, in particular working in French and Spanish.

One of the industries we wanted to develop was pharmaceuticals. When you are a part of such a center of excellence, you have the advantage of university centers that can train and supply staff with the necessary skills and knowledge. It is one thing to attract business but there needs to be people, trained with the right skills, to make it happen.

And then following the recommendation of BCG, the minister of health started to work on the framework to allow conducting clinical trials to bring revenues to Morocco. I know they have worked very hard on the necessary legal framework. At the heart of the plan were all the requirements that would allow us to go and export while also contributing to the national market.

What has been the impact of generics on the local pharmaceutical market?

Generics as we know them today is a relatively recent development. There was no such thing 20 years ago. People had never heard of generics. Many significant patents expired in the 2000s.

The local pharmaceutical industry was created in Morocco by initially producing expensive branded generics, not understanding that generics were supposed to be affordable. Then we realised that it was possible.

What was the impact of the price controls that were introduced in Morocco?

When BCG conducted its study it found that the originators were roughly 30 percent more expensive than in other equivalent countries. A first wave took place in 2012 lowering the prices of 800 drugs and in 2014 a further 1578 drugs had their prices lowered. It concerns more than 50 percent of the medicines sold in Morocco.

The Moroccan pharmaceutical industry has undergone major reforms in recent years, aimed at expanding access to medicines to the neediest citizens, notably with the RAMED (Regime d'Assistance Medicale) reform. What have been the major issues associated with the implementation of RAMED?

RAMED is a great idea. It began with a pilot region in 2008, in Tadla Azilal, and was generalized in 2011. The government wished to establish the number of needy people and later in a second phase decided to progress with RAMED across the entire country, giving all needy people the right to free medicine. This was a real step forward for Morocco with RAMED now covering around eight and a half million people. By 2015 Ramed will cover 100 percent of the targeted population.

Genpharma was set up in 2001. How did you succeed in creating a company that was ahead of the curve, anticipating the changes that were about to come to the Moroccan generics industry?

We created Genpharma with Dr Nezha Bencheqroun, a pharmacist from Paris University who also graduated from ESCP EAP with a Master's in medical management, while I am a pharmacist from Paris University, completing a Master's in marketing at EM Lyon as well as an MBA at IMD Lausanne. After completing my MBA I entered the world of biotech as president for a German biotech company.

We had been in the same places but not at the same time. We both came to work at Rhône-Poulenc Rorer. We had an overview of the global marketplace. We were working on niche markets and high-end products in strategic international marketing.

We decided to return to Morocco to establish Genpharma as a greenfield investment / from scratch. Today the company has 600 employees operating in 31 countries.

The MBA gave me lots of strength. When you are an executive you get drawn into the lifestyle and never want to leave. But being an entrepreneur requires taking risks.

We had a particular strategy, working on niche products. We do not work on mass-market products, we have an approach that is very much market driven. We make a thorough analysis of the market and then carefully select our products to be made as generics. We believe that even if the original did not sell well, at a lower price the product could take off because it became more affordable.

We were the first company in Morocco to reduce the price of recent medicines, paving the way for others to follow. We demonstrated that it was possible for patients to have access to affordable drugs. We lowered the prices for particular pathologies, such as oncology, where we were the first Moroccan generics company – until then the market had been supplied exclusively by the MNCs. We did the same thing regarding cardiology, diabetes and the central nervous system. We work on particular molecules where we think there is a market with an unmet need.

Is there potential for the Moroccan industry to go beyond its borders and supply Africa?

We compete in Africa by playing up the quality of our products. We are less expensive than the MNCs. We have an intermediate strategy focused on the quality of our products.

What is your perspective on the potential future growth of African markets?

These are markets growing double digit. Morocco has a very good image in Africa. We are an African country producing affordable quality medicines in Africa for Africans.

Do you focus primarily on French North Africa or are you also targeting English-speaking Africa?

We are present in North Africa, West Africa, and central Africa. We are not yet present in east or southern Africa. Today Genpharma serves a population of 350 million people in 31 countries.

We do not seek to grow by acquisitions but by creating value, and this takes more time.

Genpharma's first visit to Africa dates back to 2004, ten years ago. It did not happen overnight. We did so before most of the Moroccan pharmaceutical companies and then encouraged others to come along with us, as it is easier when you are more numerous.

Does Morocco not suffer from the lack of a local giant Moroccan pharmaceutical company?

Morocco has a relatively small pharmaceutical market that does not allow for a local giant pharmaceutical company. To build a Moroccan pharmaceutical giant company we need to go beyond our borders. It requires a certain culture to go abroad and battle with others. This is our objective on a long term basis. Becoming an African regional player with a presence in all 54 countries in Africa.

What is your strategic vision for the future of Genpharma?

We are in the process of constructing a production plant in Tunisia. We are also currently constructing a second plant here in Morocco, which should be operational by next year, and we have mid-term plans for three further plants in Africa.

I am a believer in the countries of the south. We are a company of the south. When we refer to southern countries we have Brazil, India, China, and the African continent. At Genpharma we have partnerships with Brazilians, Argentinians, Chinese and Indians. I am open to other partnerships.

Morocco can be the gateway to Africa. We want to produce products here in Africa and then sell them, in Africa, to Africans. I believe Genpharma is in a rather unique situation: there are not many local African pharmaceutical companies operating in so many African countries. Equally our strategy is to deliver quality medicines at an affordable price.

We are also the first company in Africa to record all our activities digitally on the iPad. All has been digitized, all our transactions now appear on the iPad, and we are using one of the most advanced CRM and ERP of the region and the continent.

Our business model follows the airline industry examples of Ryanair and EasyJet. These are leaders who managed to transform their sector by demonstrating to the traditional airlines, the likes of Lufthansa and British Airways, that one could have affordable plane tickets. My idea is to replicate this success in the pharmaceutical sector in Africa.

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