Interview: Tuna Yavuz – Managing Director, Abdi Ibrahim Otsuka – Turkey



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The managing director of Otsuka's 50-50 joint venture with Turkish giant Abdi Ibrahim, Abdi Ibrahim Otsuka, discusses the mutual advantage the companies can offer each other, and branding Abdi Ibrahim Otsuka as an innovative player on the Turkish arena.

What were the initial aspirations in establishing the joint venture between Abdi Ibrahim and Otsuka back in 2012, and what have your priorities been as Managing Director since the company's conception?

Historically, Otsuka has branded itself as an innovator when marketing its own products around the world. While the brand is quite strong in Asia, it is less known in some regions, and to effectively penetrate markets in the Middle East, North Africa, and CIS region, Otsuka needed to establish a robust presence in the region. Turkey was an obvious choice due to the market size and its geo-strategic position, and as the strongest and oldest pharmaceutical local company in Turkey, Abdi Ibrahim was an ideal partner to help aid Otsuka's entry into the market.

Since assuming the role of Managing Director, I've focused on two primary initiatives: gaining approvals for our products and creating a distinct brand for Abdi Ibrahim Otsuka (AIO). To expedite product approvals, we decided to establish local production of our products using Abdi Ibrahim's facilities; this accelerated the GMP certification process significantly. With that said, we've been wary of solely associating AIO's brand with Abdi Ibrahim's long-standing reputation as a generics

manufacturer in the local market, and have instead focused our efforts on creating a distinct image that showcases AIO's role as a provider of innovative treatments to patients in the surrounding regions.

Our launch of Samsca has helped us greatly in that regard, as it is alone in its class in Turkey. Later, we took over Abilify from BMS, which was very well received in Turkey inline with its global popularity, and within five months we became the market leader for anti-psychotic drugs in Turkey. So, we are currently well positioned to increase our market share in this indication, and in other areas of CNS.

According to the 2023 vision, the Turkish government aims to make Turkey one of the worlds top ten economies in health services by, in part, improving the quality of and access to innovative pharmaceutical solutions. What role will Abdi Ibrahim Otsuka play in achieiving that vision?

With the establishment of AIO, we will be able to eventually provide the Turkish population, and the other populations in the surrounding region, with the same innovative pharmaceutical solutions that are found in more developed countries such as Japan and the United States, ultimately increasing the overall performance and quality of Turkish healthcare services. Secondly, the opportunity to manufacture several products within Otsuka's portfolio of highly demanded, blockbuster drugs such as Samsca, Pletal, and Abilify, brings high "value added" activities to Turkey, which will help to build pharmaceutical exports.

When AIO was established, one of our goals was to make Otsuka the top ranked Japanese pharmaceutical company in Turkey in terms of turnover. That vision has been achieved, and now we are working to reach the top five companies in the pharmaceutical market by 2023. Since AIO is 50 percent Turkish, and we have localized production of innovative products, these goals are in line with the government's own Vision 2023 objectives, and as AIO grows, we will seek to establish sales in markets where the Abdi Ibrahim brand is already well known, across the MENA region. With Otsuka's strong pipeline of CNS and oncology products, combined with Abdi Ibrahim's local expertise, we believe we are well positioned to achieve these objectives.

What effect or challenges has the Turkish market access and pricing environment had on your ability to do business?

For innovators such as Otsuka, patent issues have required us to reconsider our strategies in some cases. Abilify, for example, has an impending patent expiry in the United States, but expired 5 years ago in Turkey, and there are generic versions to compete with. The reimbursement system

poses other challenges, as reimbursement payments are currently made according to the product class, meaning that the social security institution will buy and pay for illegal generic copies of patented drugs; the responsibility of enforcing a patent falls on the patent holder, who must sue the patent violator, resulting in costly and extended legal battles. These challenges are in addition to the extremely low prices for pharmaceutical products in Turkey, the lowest in Europe by a significant margin.

How have you adapted to optimize your performance in this environment?

The simple answer is that we have not; although it may be unprofitable, AIO is committed to improving the Turkish community's health and wellness. We market all of the Otsuka products that Otsuka is ready to market regardless of the reimbursement price, and we prioritize the health of Turkish patients over our corporate profit. For example, our product Pletal is the only effective therapeutic solution on the market for patients with peripheral vascular disease, so we supply this medicine in Turkey despite making no returns at the current reimbursement prices.

How has Samsca played a role in the growth of AIO and other similar products?

Samsca is very important for us. Currently it is used for hyponatremia, or heart failure, treatment and we have applied for a cardiac edema indication that will hopefully be approved soon. A bit further down the road will be the polycystic kidney designation, which we have robust clinical data to support, and there is currently no alternative treatment available in Turkey. The other important growth driver will be the long-acting injectable form of Abilify, Abilify Maintena. This is also a very innovative product, which will only need to be injected once per month, drastically reducing treatment compliance issues that are prevalent with psychiatric patients.

AIO is unique in Turkey, being a 50-50 joint venture between a local generics manufacturer, and international innovator. Given your position, what potential do you see for other companies to benefit from this type of partnership?

Yes, I believe strategically combining the strengths of two successful companies such as Otsuka, as a very competent innovator, and Abdi Ibrahim, as a prominent local generics manufacturer, is a great formula for success. Other international companies prospectively looking to do business in Turkey can similarly benefit for such an arrangement, including the robust marketing and sales capabilities of the local giants. Of course, a 50-50 joint venture does bring its own set of challenges, particularly when the priorities of each party don't fully align and must be balanced, but so far AIO has proven to be highly successful for all involved.

Is there a timeframe for establishing a regional HQ of AIO in Turkey?

There is no timeframe for that currently, and will depend on the degree of success we have in the surrounding regions; MENA and CIS. Abdi Ibrahim has a strong presence in Iraq and Syria, and it is quite complicated to operate in many of these regions. However, I am confident that we will be a major regional player in the years ahead, helping to improve the lives of more patients with a broad portfolio of Otsuka products.

What is your vision in the next 3-5 years for yourself personally, in terms of the objectives you're looking to achieve for yourself, and for Abdi Ibrahim Otsuka?

I'm quite confident that AIO will be one of the biggest companies in the region, bringing some of the most innovative solutions to patients. What we have accomplished so far in AIO's brief history should be viewed as an indicator of our upcoming growth and success.

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