

Interview: Murat Barlas - Chairman, Liba Laboratories

- Turkey



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Murat Barlas, the longest serving board member for the Turkish Pharmaceutical Manufacturers Association, discusses the need for a new perspective in government-industry relations in the Turkish pharmaceutical industry, and the steps his firm has taken to find success in the meantime.

What is the role of companies like Liba in achieving the Turkish government's vision for the pharma sector, and how achievable is that vision today?

The vision the government has for the pharma sector will be achievable only if it changes its perspective on the industry as it stands. Today, for our government, the most important issue is the cost of healthcare and pharmaceuticals. Because of this, they put so much pressure on prices that we have no idea where the market will be in the next five or ten years: we don't even know right now what will happen next month.

However, if this perspective shifts, and we are able to communicate our needs better to the government, achieving this vision may yet be attainable. One of the biggest challenges we face as a sector is that we don't have good lines of communication to legislators. In fact, the current plan for the pharma sector until 2023 was prepared by the industry and delivered to the government, but so far we have had limited opportunities to discuss the challenges brought up in that plan.

Liba is an example of a local company that is doing its utmost in the market at present: we have focused on specialty products in order to carve out a niche for ourselves and become successful in that way. Until the conversation changes, we have to use all possible means.

Can you please tell us about some of the most important decisions that you have made on behalf of Liba in the last ten years?

In the last ten years we have continued with our strategy of moving in niche fields, being a reliable partner to specialists, and trying to serve all their needs from one source.

What has changed in this time is the industry environment: the new pricing system and reimbursement system. You have to be very careful calculating your costs and margins to be able to survive. Therefore we had to decide to exclude some groups of products from our pipeline. Once, for example, we were very active in oncology – but because it is no longer a niche field, and because the pricing system does not make the products in our pipeline an attractive field any more, we decided to step out.

On the other hand, we are always looking for new therapy areas in niche fields, and today, for instance, we are very active in addiction therapy. And whenever we enter a new field, we not only bring new products onto the market, but try to shape the system and the infrastructure too.

In these specific fields like addiction therapy and ophthalmology, as you build relationships with specialists, what are some of the initiatives that you are carrying out to improve the environment?

First of all, we listen well and try to understand what kind of demands the specialists in those areas have. Then we try to cooperate with the international experts in that field – we try to find out what is missing and what kind of innovation we can bring to Turkey.

In addiction therapy, everything was missing, so we had to work closely and find the stakeholders, whom we didn't even know when we started working in this area. There was no drug therapy for addiction before 2009. Now, from zero treatment in 2009 there is a treatment center in almost every Turkish city today: 80 cities, 50 to 60 treatment centers, this is a drastic change.

This is something very positive the government did, but there is still a long way to go. The approach of the Ministry of Health is very constructive, but overall the legal structure has to be adapted much more to standards determined by research.

Today, how big of a role does this new area play in your portfolio, and how important are the traditional areas in comparison?

Addiction therapy will always be a small field for us in comparison to our larger niches, such as ophthalmology.

If you consider addiction therapy as a business, no one would be interested in it, because there is a lot of bureaucracy to deal with, and you have to take extra care in so many areas - every single package you put into the market has to be followed very closely, recorded, reported, and you have to take care about a possible misuse of the product.

What were the signals that prompted you to move into niche fields so many years before everyone else?

It started in 1990s - before that we were a traditional producing company. We had products where we had to sell millions of units to be able to fill our capacity to reduce production costs. At those times we realized that there is a huge unfilled capacity in Turkey. In the areas with the high competition, there were so many similar products that most of them did not bring any added value. Instead, the products were getting more to the level of commodities.

To separate ourselves from this market, we knew we had to go in one of two directions: niche fields or commodities. We chose niche fields and it was a sensible choice. We closed our production units: with the spare capacity in the system we had no problem to outsource the production of our own medicines.

How would you describe the value proposition that Liba brings to its partners today?

We are cooperating with leading companies in our chosen areas, bringing their innovations to the Turkish market. Having a profound knowledge of the characteristics of the area we can build up the optimum strategy. Being a very flexible team we adapt to any change in the environment easily and fast.

In the future, what niches and partners will you be looking at?

First of all, new partners in the fields where we are active are always welcome. Of course we are looking for them, there are always new discussions, and we are trying to follow the needs of the market and the specialists, and whenever there is a new field, we try to enter.

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