

Interview: Tuğçe Koç - General Coordinator, Onko Koçsel - Turkey



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Tags: [locals](#), [manufacturing](#), [production](#), [R&D](#)

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ğçe Koç describes the company's initial aspirations in targeting the higher value-added therapeutic area of oncology and the type of market opportunities that are present domestically and internationally.

With over 25 years of experience, Onko Koçsel has established a strong foothold in the Turkish pharmaceutical industry—first with the introduction of blood derivatives to the market, and then with the development of its manufacturing capabilities, and now with the recent inauguration of the Gebze facility. What factors do you attribute the company's staggering success to?

We have strived to position ourselves at the top of every segment that we operate in. The key has been identifying and immediately capitalizing on market gaps in the industry, which my father, now acting mostly as an advisor to me and my sister, has been instrumental in. The Turkish pharmaceutical landscape has significantly evolved in the past decade, with industry-wide pressures on profitability and regulatory hurdles preventing fluid market access. Now with GMP inspections, obtaining an import license and subsequent market authorization can sometimes take upwards of four years. In response to these dynamics, we designed and initiated construction of our new production facility in the Gebze Organized Industrial Zone (GOSB) back in 2010 to localize manufacturing operations and further capitalize on latent demand in the domestic oncology

market. Additionally, from a more nationalistic perspective, the expansive production capacities of our new facility will help alleviate burgeoning pressures of reducing our country's account deficit while at the same time empowering high qualified labor.

Between the distribution of licensed and proprietary products and contract manufacturing, can you breakdown the current composition of the company's portfolio?

At the beginning, we were only working with originals. Now we're now also working with generics and increasing our production capabilities. By 2018, we are aiming to have 80 percent of our portfolio produced locally, with the remaining portion covered by imports. Furthermore, spanning our overall portfolio, 20 percent of our production volumes will be reserved for exports. Initially, we're looking to penetrate Middle Eastern and CIS countries, including Azerbaijan, Turkmenistan, Iran, Iraq, Russia, and Ukraine, and then target more developed regions, such as the United States and Western Europe.

We're currently in multiple discussions with prospective partners spanning each of our target countries in hopes of finding a suitable local company with the right amount of expertise to help us penetrate the respective foreign markets. Intensifying levels of competition, increasingly high standards of skilled labor, and the now widespread access of information have all collectively changed the way of effectively conducting business. In my opinion, companies must adapt to these trends accordingly and stay ahead of the curve in order to maintain a sustainable future. This ideology also applies to the type of partners that we look for. They must not only possess financial stability, but also the type of values and principles that seamlessly align with the diverse and flat culture that we've cultivated here at Onko Koçsel. Ultimately, we're looking to produce fruitful relationships that generate value for all parties involved.

R&D is perhaps the cornerstone of every single pharmaceutical player. To this end, how will the new Gebze facility enhance company's competitive positioning in the market?

We recently applied to convert our R&D laboratory into an R&D center. We're the only laboratory in the country right now approved with GMP for cytotoxic R&D and can be easily classified as a small factory. There is currently a huge market gap in the research and development of highly potent, cytotoxic drugs. This is the only facility solely dedicated to the development of these drugs. Furthermore, approximately 96 percent of all oncological products are imported into Turkey to meet local consumption demands—all of which are subsidized by social security. In this context, the new Gebze facility is of paramount importance for the government, conceivably generating 40 percent in cost savings on average in this particular area and further diminishing the current trade

deficit. So, as a part of TUBITAK's Technology and Innovation Funding Programs Directorate (TEYDEB), which aims to fund national R&D projects pursued by Turkish companies through priority incentives, we received support for many R&D projects of ours by approximately 60 percent of the projects' financing needs thus far. From an international standpoint, as a part of the Hermes cover, we were given EUR 35 million credit from the German Federal Government to fund this new facility, in response to choosing German manufacturers as the primary supplier of the facility's machinery without giving out any assets for securing the loan.

Especially when gauging the interest from domestic and international constituents, the potential impact of our new facility on the Turkish pharmaceutical industry is self-evident. That being said, however, the plant's capacity well exceeds local market demands. Even the companies, spanning both multinationals and locals, that were originally planning on constructing a similarly dedicated facility have altered their decisions, and instead, have begun opting to establish toll-manufacturing agreements with us. We've worked with several international consultants to bring our facility in compliance with FDA and EU GMP standards and to ultimately showcase the robust quality and reliable nature of our manufacturing processes—an important consideration for the future growth and sustainability of Onko Koçsel.

From your perspective, how do foreign countries stand to benefit from the import of products and capabilities from Turkish pharma companies, as opposed to other emerging markets?

A lot of key players consider Turkey for its geostrategic location, but even moving beyond that, the country's industrial practices boast quality standards rivaling that of the West, while offering the more competitive pricing benchmarks of the East. It'll only be a few years until Turkey is able to position itself among a manufacturing powerhouse such as India, but the country, with its favorable growth demographics and inherent export potential, is well on its way.

That being said, however, when evaluating the standards of our new production and R&D facility, we came to realize the absence of skilled and highly educated employees in the Turkish labor market. To address this gap, and perhaps further aligning with national interests, we contracted the help of subject matter experts from countries including Germany and India to train our own staff and equip them with the proper skills and resources needed to perform on par with globally competitive standards.

Onko Koçsel is a family-owned company passed down through several generations. What are the key success factors in preserving the legacy of such a company and what

type of initiatives will you focus on moving forward?

The Turkish business landscape is an ever-changing and increasingly dynamic environment exhibiting very different characteristics from older generations. Now it's all about internalizing the notions of adaptability and flexibility, and bringing internal processes in line with more technological efficiencies and streamlined working models. My leadership directives strive to encompass a positive work environment conducive to insight and constructive feedback from all staff members, regardless of title. For me, it's about collaborating on a level that promotes delegation of responsibility and enables personal growth ambitions, for not just myself, but also my employees.

We are just beginning our journey here at Onko Koçsel. Together with my sister Tuğba and the rest of my staff, we plan on taking Onko Koçsel to new heights. In the coming years, aside from expanding our product portfolio and market penetration rates, a significant portion of our growth initiatives will focus on increasing strategic alliances to complement the company's current competencies and asset base—both domestically and abroad. We've made substantial investments, from a time and money perspective, to bring Onko Koçsel in line with the growing demands of the industry, and now we're ready for the tipping point.

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