

Interview: Recep Altekin - General Manager, MT Sağlık, Turkey



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Recep Altekin, the general manager of MT Sağlık - market leader in Turkey for blood glucose monitoring systems and diabetes test strips by volume - tells PharmaBoardroom about his company's impact on the Turkish medical device industry, and the value-added solutions that come packaged under the MT umbrella.

Can you break down the composition of the company's current product portfolio? Which segment is demonstrating the most promising demand prospects?

Approximately 85 percent of our current portfolio is attributed to pharmacies and the remaining 15 percent comprised of various medical retailers. Our portfolio contains over 600 homecare daily-use products, but we've been primarily focused on diabetic solutions in the last three years—accounting for roughly 80 percent of our business. For example, in terms of blood glucose monitoring systems and diabetes test strips, we are the market leader in Turkey based on the latest data from IMS Health. Even though there are many other prominent names operating in this segment such as Roche, Abbot, and Bayer, MT Sağlık has managed to secure the market leading position from a volume standpoint.

We've recently started pursuing several studies to expand our portfolio in diabetic products and established OEM arrangements with companies in Switzerland and Taiwan for manufacturing. Our ultimate goal though is to put together a manufacturing facility here in Turkey. From a

manufacturing and logistics standpoint, we see Turkey as a centralized hub for health services—connecting to markets across Europe, Asia, and the Middle East. Although the majority of our sales are attributed to domestic commerce, we’ve also been participating in a few international tenders and exporting via brokers. That being said, however, due to the economic situation in neighboring countries, we’re evaluating several currency exchange models to best determine how to allocate our capital at the right place and time. Needless to say, the common denominator is price. We’re always trying to push the envelope on increasing levels of quality, but the price also comes hand-in-hand—and it’s an ongoing effort having customers understand that tradeoff accordingly.

The effects of thinning profit margins are self-evident. Our budgets are minimized, and therefore, new products are not launched. The downward pressure on margins creates a challenging environment to introduce new products to the market. To overcome this challenge, it’s imperative to stress the value of quality—constituting another educational phase. We’ve hired highly qualified professionals on our sales teams just to highlight that component and emphasize the added-value associated with what some might consider premium pricing. The most effective factor during the sales process is personal relationships with medical retailers and pharmacists, which is why we always invest in the human as much as the product. Moving forward, we’re aiming to eliminate the middleman and undertake our own manufacturing operations to help alleviate pricing constraints on our end users.

What type of competitive advantages does the company experience under the MT Group umbrella?

The holding company’s inception point is coming from the health industry. Our experiences and backgrounds originate in this area, so the MT Group holds MT Sağlık in high regard—as the first, largest, and most profitable company in the group. We’ve tried to preserve its legacy, while also pursuing new ventures or alternative channels to further bolster MT Sağlık’s positioning among its competitors, as well as its customers.

Aside from knowledge transfer and sharing industry best practices, we experience several synergies under the MT umbrella. For example, we obtain feedback from our sales representatives, as they are always directly interacting with the pharmacists and listening to their needs. Recently, in light of the regulations put together by the MoH mandating pharmacies to follow strict transactional guidelines, we’ve pursued joint-promotional activities with other MT member companies to help streamline pharmacy transactions. MT’s technology group developed an electronic cash register with point-of-sale functionalities and specially designed software to

accommodate the reporting mechanisms required by the MoH. As one collective entity, the MT Group always approaches these type of market opportunities as a two-way street.

What type of success factors does the company consider when evaluating potential strategic partnerships?

Turkey is a rapidly growing market with regards to the pharmaceutical and medical devices—now the 12th largest economy for these sectors and creating a rather attractive investment climate. In the last two years alone, we've been approached by 70 different companies interested in potential distribution arrangements or collaborative alliances. Especially within Turkey's relatively underdeveloped medical device industry, many companies adopt rather subpar standards in terms of quality assurance and standards of excellence. So, we've still had to maintain a degree of selectivity when it comes to these agreements. That being said, however, our CEO is very open-minded and creative, and he welcomes all joint-venture opportunities with companies that align with our own strategic objectives, whether it's from a product manufacturing or market penetration standpoint. If it's a feasible project that fits our product portfolio or strategic direction, we're able to turn things around quickly if necessary. Our priority is adding value to human health through our products, in conjunction with industry associations and regulatory bodies such as the Turkish Drug and Medical Device Institution (TITCK), the Medical Devices Manufacturers and Suppliers Association (TUMDEF), and the MoH.

The company is obviously well poised for a promising future. From the perspective of General Manager, what type of strategic initiatives will you pursue to ensure that MT Sağlık develops and grows in a sustainable manner?

I will focus on choosing the right product, right services, through the right channels and customers. To reduce lead times and pricing pressures for both MT Sağlık and our customers, I'm also planning to eventually manufacture our most demanding products locally in Turkey, in line with Turkey's own localization and export initiatives.

We're also beginning to invest in generic medicines and refining our sales practices to introduce new concepts and products, specifically to hospitals and other healthcare practitioners. To support this initiative, the group has also invested in an R&D company that produces increasingly innovative medical devices, including non-invasive solutions. For instance, we've recently finished the development of a chemical patch called Artcure, which will be used to alleviate disc hernias—exhibiting a 70 percent success rate if applied properly. We've already received growing interest in this product from Brazil, Colombia, Iran, Israel, Switzerland, Italy, and Russia, and the

product has already been registered in Italy and Switzerland.

We are not only the package movers or solutions provider; we are also an innovative company with resources allocated to R&D and introducing other segmented products to the market.

What strategic priorities are you focusing on now as General Manager?

Our founder, Murat Sancak, former purchasing director and shareholder at Hedef Alliance, established MT Sağlık in 2005. Since its inception as the first member company within the group, MT Sağlık has grown tremendously and accelerated to a market leading position. Commemorating its 10th anniversary this year, MT Holding now encompasses 17 different member companies spanning multiple segments across healthcare, technology, and real estate.

My experiences come from an extensive background with Roche—from sales representative all the way to regional manager. Compared to pharmaceuticals, the medical device industry at the time the company was founded was highly unregulated with no uniform standards and organizational structures. Leveraging their backgrounds in pharmaceutical warehousing, the Sancak family decided to capitalize on the market opportunities present in medical devices and enter the industry with the creation of MT Sağlık. We consider ourselves as pioneers of the industry, introducing standards in marketing channels, pricing, point-to-point distribution systems, and overall professional attitudes to the local landscape. Through ongoing education and awareness initiatives geared towards chambers of pharmacies and various medical retailers, our customers have not only been able to have widespread access to these products via multiple outlets, but also at uniform prices consistent with the levels of quality, service, and value associated with the products—regardless of location. Pharmacies had not been the traditional distribution outlets for medical device products until we came to the market and effectively altered the landscape by creating a new profit source for them.

Perhaps as an indication the industry's continued standardization and growth, the Ministry of Health recently announced a new decree that mandates all medical device representatives to possess some form of professional degree or medical qualification. In line with the sector's development, we heavily invested in human resources and increased our sales force to 60 representatives—directly reaching approximately 6,000 pharmacies and connecting with the country's remaining 19,000 through pharmaceutical warehouses such as Hedef Alliance and Selçuk Ecza. As a result of these expansion initiatives, MT Sağlık has grown approximately 270 percent in the last two to three years.

In terms of reputation, capabilities, and performance, where would you like to have positioned the company in the next five years?

It's always going to be an ongoing story for us here at MT Sağlık. The group itself is extremely dynamic, and always looking for ways to expand its capabilities—whether that's through acquisitions or investments in existing assets. As a country, the most imperative factors for the industry's future sustainability are investments in R&D to support exports and ultimately generate global brand recognition. Additionally, the country's geostrategic positioning creates a plethora of logistical opportunities. Taking advantage of those opportunities, in line with the Turkish government's 2023 initiatives, presents a challenge in and of itself. But if any company is capable of doing so, I believe it's us. Our history and reputation precedes us. Many companies have floundered or exited the market over the years, but the MT brand has managed to preserve and create distinct brand recognition in the local environment. Moving forward, we're looking to position ourselves beyond being boilerplate products and solutions provider and into an innovative trendsetter that's constantly introducing newer and increasingly high-tech products to the market.

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