Aris Mitsopoulos – Vice President, Rafarm, Greece



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From Greece to the world – Rafarm is an example of a local champion in the midst of realizing its global ambitions. Blessed with the duality of a family-run business philosophy and extroverted internationalization strategies, Rafarm's Vice President, Aris Mitsopoulos, proudly speaks about the company's impressive growth, its diverse business portfolio, as well as its footprint in Greece and beyond.

Rafarm's success began as a "one-man show" anchored on Nikolaos Rassias' vision with a multifaceted orientation in innovative medicines, branded generics, as well as total quality services. Rafarm has gone from a single production plant of 2,000 square meters at its inception to over 15,000 square meters today. How has Rafarm evolved in these last years?

Mr. Rassias created Rafarm more than 45 years ago, putting his business beliefs into practice, high quality medicines, people-oriented organizational structure and quick reflexes in the business arena.

Since then, the company has evolved into a global player for sterile products specialized in the areas of ophthalmology, and nephrology and a reference company in the Greek market (among the top 3 local companies).

Especially over the last few years, we have achieved remarkable results inside and outside of Greece. Starting from the quantitative part, we have doubled our workforce in the last 4 years

reaching more than 400 employees at the end of 2016, doubled our turnover in the last 6 years and more than tripled our exporting activity at the same period. Quality-wise, we reached 2016 having more than 10 leading brands in the Greek market, sales activity in more than 40 countries and successful launch of our products in new markets as Australia and Canada.

We plan to keep up with the pace of success that has been achieved in the past and the company is certainly going through a transformation period as the second generation is taking over. Each year, we follow the pattern of what we have envisioned and committed. We currently stand amongst the champions of the Greek industry, ranking third in the overall market.

What has been your personal contribution to the company's strategic approach so far?

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I believe that our key strategic differentiator is our focus on complicated dosage form products.

The defining characteristic of our strategy today is to build a brand and attain leadership positions in niche, targeted areas for difficult to make products, where growth and presence can be sustained. Areas where we can exploit our technological expertise supported by self-financed investments.

In the Greek market, we focus on Urology, Nephrology, Ophthalmology, Oncology / Hematology and CNS where we have become the reference company. We instill this philosophy in our sales force and our marketing departments, stressing that in the therapeutic areas we choose we want to become the reference company for all stakeholders.

Partnerships are one of the key activities for Rafarm through national and multinational agreements. Who are some of the key pharmaceutical companies that you collaborate with in the Greek market?

We initiated our successful strategic co-operation with Sandoz in Greece back in 2015 in the areas of Cardiology and Gastroenterology and this year we extended the relation in the area of Urology. Recently, we signed a major deal with Medice, a leading German company in the area of Oncology / Nephrology, to take over the distribution of erythropoietin and launch two new molecules in the Greek market.

Our plan is to expand this kind of cooperation in the near future.

How has the company grown in this transformative period?

All in all, for the Greek market, we are moving at an average growth rate of 15 percent in values, despite the challenging reality of the environment. Last year alone, we experience an impressive 27 percent growth, even though in the same period prices in Greece were reduced by 15 percent. We are facing the difficult realities of rebates, clawbacks, bureaucratic protocols and dropping margins, but strongly believe in our vision of being local champions, we operate on the basic assumption that for us Greece is a major market.

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In the European market we have reached the stage wherein Rafarm is recognized as a trusted partner, specialized in Ophthalmology and Nephrology. This acknowledgement has been built over the years by continually expanding on a wide range of products and by providing millions of treatments per year all over Europe. At the same time, we are expanding our presence in major markets outside EU. Last year we launched our first 5 products in Australia and Canada.

In the area of ophthalmics, we cover a wide range of pharmaceutical forms from simple solutions to complex suspensions, preservative free preparations and new innovative combination products.

Rafarm has invested 12 million in R&D and 6% of turnover is dedicated to research. How important is this activity to the overall state of the company?

We have expanded and upgraded our facilities during the last five years, invested more than 12 ml Euros, in new technologies for our sterile areas including a new production area for sterile vials and a brand new state of art R&D facility able to support a team of 50 scientists who work with the most advanced equipment in the field.

At this point, we see this as the only way to organically expand our R&D, with always the same strategy to be able to deliver complicated projects and incremental innovations.

Given your diversified business portfolio, what is the segmentation of each of your business activities?

In essence, we have three business sectors, namely, the market in Greece, out-licensing and contract manufacturing. The contribution of the Greek market in our turnover counts for 58 percent, then 37 percent of our business comes from out-licensing activities and five percent involve CMO activities.

As part of the austerity measures for Greece’s current economic climate, many pharmaceutical companies have shouldered the financial burden of the healthcare

system through clawbacks and rebates. How has Rafarm mitigated these challenges?

The problems are common, widespread and many companies are affected by the unpredictability of the market in Greece. Although in principle, all companies share many of these problems, the specificities depend on the product portfolio.

We mitigate the challenges by having a balanced and diversified portfolio. We do not want to be dependent on just one or two molecules. Moreover, we also try to keep a balance between in-licensed products and our own development. For the latter, we have more control over the costs of the products, whereas for the former, we can access market segments where we do not have capabilities of development and production.

Lastly, we are proud to say that our sales force in Greece has an excellent track of success stories over the last years coming from an efficient and organized effort.

Throughout the crisis, there has been a lot of hardship that the companies have had to endure; yet the industry has remained vital and strong. Has there been recognition from the government for this resiliency?

There has been a concerted attention of what needs to be done in the industry. However, despite the intentions, the implementation is not yet there. It is understood that budget cuts are necessary in order to rationalize the pharmaceutical market, but at the same time there need to be an action plan for supporting structural measures and reforms in the sector, in order to encourage the use of branded generics, control government spending and incentivize local R&D and production efforts.

What is your overarching vision for Rafarm in the future?

While we have built up a considerable portfolio in the targeted dosage forms, we still have plenty of room to expand our presence.

There are still challenging markets that we have yet to enter, both in terms of new dosage forms and new geographical areas. We are looking cases for major markets, which we can enter through B2B partnerships. At the same time, we would like to see new and diversified areas in R&D with co development project partners.

In essence, how would you like Rafarm to be perceived – as a Greek company that expanded internationally, or an international company that started from Greece?

Our history is there and cannot be cancelled or ignored: we are proud to say that we are a Greek company that has expanded internationally. Nevertheless if our expansion plan over the years will

materialize we will inevitably be perceived as a global player.

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