Interview: Mykola Gumenyuk – CEO, Yuria-Pharm, Ukraine



"In line with our company's focus on intravenous products and the hospital segment, we have been able to build one of the most comprehensive portfolios in Ukraine in this field, encompassing infusion therapies, solutions for peritoneal dialysis, antibacterial, fungicidal and antiviral products, antiseptics and irrigating solutions, analgesics, and tuberculosis drugs."

18.07.2017

Tags: Ukraine, Yuria-Pharm, Pharma, Infusions, Internationalization, Strategy

Mykola Gumenyuk, CEO of Yuria-Pharm, documents the strategy that has been driving the impressive growth of this ambitious company, how Yuria-Pharm has evolved into the leading manufacturer of solutions for infusions and hospital supplier in Ukraine and CIS, and how it plans to significantly increase its international activities in all continents within the next few years.

Could you walk us through the company's main milestones and provide us with an overview of Yuria-Pharm's main activities and focus areas?

Yuria-Pharm was initially established more than 25 years ago as a service company, before in 1998 we acquired a manufacturing plant. The latter, initially set up in 1968, was one of the most advanced production factories for blood substitutes in the USSR. With this acquisition, as well as the following improvement of the asset's production lines, Yuria-Pharm transitioned its approach towards the development and production of pharmaceutical products in general and IV products in particular, pursuing our company's vision to save lives, reduce pain, accelerate patients' recovery, and reduce the signs of aging.

Since our beginnings at the end of the 90s, Yuria-Pharm has been exponentially developing its activities and manufacturing capacity, as our monthly production turnover moved from around 80,000 units in 1998 to over eight million units in 2016. In line with our company's focus on intravenous products and the hospital segment, we have been able to build one of the most

comprehensive portfolios in Ukraine in this field, encompassing infusion therapies, solutions for peritoneal dialysis, antibacterial, fungicidal and antiviral products, antiseptics and irrigating solutions, analgesics, and tuberculosis drugs.

How was the competitive landscape in Ukraine at the time that you decided to venture into IV product manufacturing and what has been your strategy to surpass your competitors?

At the beginning of the millennium, Ukraine's infusion market was extremely competitive and fragmented. We had to cope with two different types of competitors. On one hand, there were more than ten large-scale and well-established manufacturers of infusion products, and – on the other – over 1000 pharmacies were also involved in these products' production. In this context, standing out form the competition was definitely not an easy task, and we rapidly understood that the only way forward for our company was to continuously increase our added value and sharpen the attractiveness of our offering.

In this regard, we decided to not only manufacture, but also design and develop new IV products, while ensuring our improvement efforts are constantly aligned with our country's disease burden and the demand of Ukraine's hospitals and health centers. As a result, we set up our own R&D center, which at present employs more than 60 scientists and holds the most advanced equipment, as well as an expertise in the IV field that is absolutely unrivalled in Ukraine. This exceptional experience in IV product development allows us to introduce more than fifteen products onto the market annually.

As a medical doctor by training, I also rapidly discovered that the main issue faced by healthcare practitioners was related to the quality, and not to the volume, of IV products that they could access. As you can imagine, a significant share of these aforementioned pharmacies manufacturing infusion products did not meet the highest international standards. In this regard, ensuring our own manufacturing capacity would be aligned with the best and most advanced regulations appeared to us as a strategic investment and opportunity, which ultimately led us to receiving EU GMP certification in 2013 and thus far has greatly helped us establish a name for ourselves in Ukraine and in the region.

[Featured_in]

Finally, we have developed a particularly comprehensive portfolio of products, which goes beyond infusion products to also entail medical devices. As a company specialized in IV products, we know the critical importance that these products hold in hospital settings. Nevertheless, healthcare

professionals cannot fully leverage these products' therapeutic potential if they do not hold advanced tools to perfectly handle their delivery. Hence, we have designed and developed a portfolio of syringes, infusion cannulas, and regional anesthesia equipment, which perfectly complements our portfolio of IV products. Although we may be one the only domestic companies to hold such a comprehensive portfolio in this field, this unique positioning also brings us to compete against international heavyweights such as B Braun, Fresenius, or Baxter.

What is Yuria-Pharm's competitive advantage vis-à-vis these international companies?

Infusion products are very sensitive products, which require a very sophisticated management of their supply chain and logistics. In this regard, we have developed our own distribution service in order to more swiftly bring our products closer to our customers

From our manufacturing hub in Kiev, we then distribute thousands of tons of life saving products to warehouses all over Ukraine, which provides us with a level of control that these international companies do not hold.

Yuria-Pharm has now evolved into the leading manufacturer of parenteral solutions in Ukraine and CIS countries *[except Russia, e.d.]*, with a portfolio covering more than 60 percent of the demand of Ukrainian hospitals and healthcare facilities. From a revenues standpoint, we now proudly stand as a top 6 domestic company in Ukraine, with domestic sales amounting to over USD80 million in 2016. In the grand scheme of things, the quality and comprehensiveness of our product portfolio has allowed us to be truly recognized as the partner of choice of our country's hospital sector – and this is particularly important to our eyes.

You mentioned Yuria-Pharm's R&D center and its unique expertise in the IV field. What are some of the projects you are currently working on?

We are advancing the development of very promising products, which I believe will greatly help us to further differentiate our offering in Ukraine and international markets in the upcoming years. Nevertheless, as our products are still at a rather early stage of development, I cannot disclose more details at this present moment.

Overall, most of the products in our R&D pipeline target socially significant diseases, such as HIV/AIDS, malaria, tuberculosis, osteoarthritis, bronchial asthma, and mucoviscidosis, while we are also bolstering the development of several products in the critical care, anti-aging, and advanced antibacterial areas.

Although we hold the resources to advance these products' development by ourselves, we are open to discussing with international partners the opportunity to jointly work on these products' next steps, without forgetting potential collaborations for developing brand new products.

Yuria-Pharm has experienced very impressive growth rates over the past two decades. What will be your strategy to propel the company's development in the upcoming years?

[related_story]

Building on the leadership position we have gained in Ukraine, we now want to ensure our products are available to an increasing number of international patients and professionals. More than 100,000 healthcare professionals around the world are already using our products, but we deeply believe at Yuria-Pharm that we can make a difference at an even larger scale.

These international ambitions are not recent, as we started exporting our products to CIS countries, namely Uzbekistan, Georgia, Russia, and Moldova around ten years ago. In 2008, we opened our first foreign representative office in Uzbekistan, and, in 2012, we set up our company's subsidiary Yuria-Pharm East Africa, which now covers some of the most promising African markets, such as South Africa, Uganda, Kenya, Tanzania, Ruanda, and South Sudan.

2013 marked a turning point in our expansion strategy, as we decided to allocate more resources than ever to our international development. We consolidated our international presence by opening several representative offices in Kazakhstan, Tajikistan, Vietnam and Russia, while building strategic partnerships to make our products available in high-potential Asian markets, such as Thailand, Philippines, and Indonesia.

All in all, entering international markets remain a particularly challenging endeavor for Ukrainian companies, as we still operate within a regulatory framework that is not 100 percent aligned with those of leading international agencies, such as the US FDA or the EU EMA.

Despite these regulatory barriers, have you considered registering your products in the EU or in the US?

In 2013, Romania's National Agency for Medicines and Medical Devices GMP certified our manufacturing facility, which now provides us with the possibility to register our products into all EU markets. We have started the registration process of five IV products in various EU markets, while some of our medical devices have already received market approval in Italy, Spain, Portugal, Czech Republic, Romania, Poland, and Latvia.

Looking at other parts of the world, some of our medical devices products are also available in Latin America and we are now waiting to receive ANVISA certification to start registering our IV products in Brazil. With regards to the US, some of our medical devices are already sold in this strategic market, and we also plan to register in the world's largest pharmaceutical market some of our IV products in the very near future.

In the grand scheme of things, Yuria-Pharma is truly becoming an international company. At present, we are not focused on any specific geography, as we are considering expansion opportunities all over the world. We do not hold substantial international experience, so entering multiple international markets at the same time appeared to us as the best way to test the waters and more precisely identify in which countries we hold the greater chances to be successful.

So far, the number of our products registered internationally is still rather limited; nevertheless, given the impressive pace at which we have been advancing since the commencement of our international strategy, I expect this cross-border expansion will start to truly pay off within the next two years. In all these international markets, we want to replicate the same game changing approach that has been driving our success in Ukraine, while our capacity to mature our R&D pipeline will also play a critical role in fulfilling our international ambitions.

It is truly the beginning of a new era for Yuria-Pharm. What is your vision for the company?

Within the next ten years, we want to become a true international biopharmaceutical company, capable of changing the way healthcare professionals and health centers operate. We hold the ambition to offer better treatment options to patients all around the world.

What do you believe will be the critical success factors to take the company to the next step and build a reputed, international pharmaceutical company?

Yuria-Pharm now gathers more than 2.000 employees, which all individually contribute to our success throughout our daily operations.

In this regard, we will not be able to expand our company's success story beyond our borders until all our staff are fully invested into this new phase of our company's development. Our company's vision is very clear, but our employee's commitment will be the critical success factor to ensure it truly becomes a reality.

Leading Ukrainian companies may equally need to further build up their international image: our country already holds excellent R&D and manufacturing capacities which probably do not receive

the global recognition they deserve. As per Yuria-Pharm, we want to build our international reputation by proceeding meticulously step by step, as we did in Ukraine, and remain committed to design, develop, and manufacture high quality products that can truly change the lives of patients internationally and help health centers all over the world to fulfill their life saving mission.

See more interviews