Interview: Ramzi Sandi – General Manager, Arab Society of Pharmaceutical Industries (SAIPH), Tunisia



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Ramzi Sandi, general manager of the Arab Society of Pharmaceutical Industries (SAIPH) is responsible for the development of the company since 2015. From that date, SAIPH has been the strongest performing actor in the Tunisian market with an annual growth of 20 percent in 2016 and 2017. In this interview Mr. Sandi details his ambitions for the company and expansion plans into sub-Saharan Africa.

Mr. Sandi, can you summarize the beginnings of SAIPH as well as the recent developments of the company?

The Arab Society of Pharmaceutical Industries was founded in 1992 by the Arab League with the objective of catering to the health care needs in the Arab world. The Arab Company for Drug Industry and Medical Appliances (ACDIMA) invested in 16 countries of the region in North Africa and Middle East (MENA) including Tunisia. One of the companies created as a result from these investments was SAIPH. Today still, the SAIPH remains a subsidiary of the ACDIMA investment fund.

SAIPH produces medical devices, its own-branded generic drugs, and performs licensed production for multinational companies. In fact, it is the preferred Tunisian partner for Abbott, Merck, Sandoz, Menarini and Sanofi as well as the subsidiary branches of the investment fund ACDIMA in other countries of the MENA region.

SAIPH faced severe financial difficulties in 2013 and 2014 in the aftermath of the Tunisian revolution. In light of these difficulties, it appeared necessary to entirely reorganize the structure of the company. The decision-making processes changed, and directors including the chairman of the board were replaced. As a result of these changes, SAIPH has been the best performing company in Tunisia for the past two years. More specifically, its revenues grew by 20 percent annually in 2015 and 2016. According to IMS rankings, SAIPH is now in the fifth largest company by revenue in Tunisia.

Furthermore, our performances enabled us to earn the trust of our shareholders. This led to tremendous capital increases for the company. In fact, last year's capital increases amount to more than TDN 50 million (USD 22milliom). It was the largest private investment in the pharmaceutical sector in Tunisia that year. An additional TDN 30 million (USD 14million) were provided to help the company diversify its portfolio of products and become a global player in the healthcare industry. These investments will be used for the construction of a plant in Ivory Coast. This plant is currently under construction on a 540,000 sqf strip of land and should be the largest of the country.

What is the scale of SAIPH's activities in Tunisia?

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There are currently four factories representing over 27,0000 sqf of productive surface in Tunisia alone. These factories are specialized in the manufacturing of sterile medical devices, antibiotic products and injectable drugs.

SAIPH employs just over 600 Tunisians including 100 for medical promotional purposes with a supervision rate of 50 percent. It must be highlighted 48 percent of our employees are women and these levels increase amongst managerial positions.

Looking into the future where do you see SAIPH's growth potential?

Currently, 85 percent of SAIPH's revenues come from the sale of our own branded generics. The remaining 15 percent come from the sale of licensed products. To further stress that point, our 30 percent growth in generics is much higher than the growth we witnessed in the sale of licensed products.

I reckon inhalable powders, injectable forms and soft capsules are the galenic forms that will provide sustainable revenue streams to SAIPH in the near future. In parallel, SAIPH continuously develops new innovations to comfort our leading position in the cardiology and antibiotic fields in Tunisia. These innovations complement our diversification strategy and licensing activities. I will

also be looking at international expansion possibilities to achieve a global footprint in the healthcare sector.

What challenges need to be overcome by Tunisia to drive development in Africa's pharmaceutical sector?

Tunisia is still struggling to increase the level of its exportations. The subsidiaries of multinational companies involved in the public private dialogue convened by the World Bank do not have a very high interest in facilitating exports because other affiliates in the region already supply the markets that could be concerned. Consequently, a conflict of interest between domestic manufacturers and multinational companies hampers the introduction of regulations that would favor exports from Tunisia. The government's intentions are commendable, but if local businesses are not properly defended in the context price contractions, the necessary investments to transition towards a high added value economy will not be pursued.

Can you tell our readers more about your export strategy and the markets you are targeting?

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Before the revolution, SAIPH was Tunisia's largest exporter, but we lost marketing authorizations in many countries as a result of the MENA turmoil in the early 2010s. We are currently in the process of re-registering our products in these countries and intend to capitalize on our strong cultural ties with many of the countries to increase our foothold in these countries.

Currently the company exports injectable drugs to the Middle Eastern countries and Maghreb. We will be looking forward to using our location in Ivory Coast to build a solid presence that can eventually be used to address sub-Saharan African markets. Ivory Coast's macroeconomic indicators show there is strong potential in the country. Indeed, the active population is expected to double by 2020 and the World Bank has listed it as an Emerging Economy. We have chosen to invest early in this market to minimize initial investment and benefit from a first mover advantage.

Furthermore, this decision should help us build a strong international positioning regardless of the regulatory environment in Tunisia. By the end of 2018, I hope we can start the production in Ivory Coast. The plant should employ between 150 and 200 employees the first year, 85 percent of which will be from Ivory Coast.

What is the reputation of “made in Tunisia” products abroad?

The majority of the products manufactured in the Tunisian territory are licensing products. Given the requirements of multinational companies, we could not have developed the licensed production to such dimensions if our products were not of high quality. Such partnerships are a consequence of the political decision to align Tunisia’s quality standards to those of Europe, which provided all the local companies with a knowledge transfer that has become a true personal asset today.

Also, Tunisia is considered a role model in terms of industrialization. According to the WHO, the path followed by Tunisia’s pharmaceutical industry should be replicated in all African countries. As a matter of fact, Algeria is today largely replicating the initial developments Tunisia followed to build up its industrial landscape.

How do you contribute to the healthcare environment at large?

SAIPH is involved in two socially responsible initiatives, namely the SAIPH Family and the SAIPH Academy. The former is a social initiative targeted at Tunisian families in lesser-developed regions of Tunisia. The goal is to increase health literacy among all members of the family. It must be stressed the initiatives are unrelated to the therapeutic areas SAIPH is engaged in.

The SAIPH Academy is a set of video conferences on internet available for free aimed at the Tunisian medical community. It allows doctors to access medical classes and interact with their peers remotely. SAIPH was not the first organization to set up these types of live videoconferences, but the audience levels have outgrown that of the classes in Europe that inspired us. In light of the enthusiasm show by doctors for this initiative, SAIPH is arranging for more live streams and a mobile conference center to travel around the country.

Of course, SAIPH has a very important social role to play through providing employment as well and still pursues its initial aim which was to bring affordable medication to the Tunisian population.

How do you intend to maintain market leadership and what are you ambitions for the company?

SAIPH is a company spread over three regions whose objective was to become a multinational company with an international culture. Unfortunately, our relation to the state did not allow us to develop this corporate culture from the beginning. I have been working on creating one since I joined the company two years ago. Specifically, I want our employees to feel a sense of belonging and driven for our business’ success. Our human resources, and precisely their continuous creativity and customer focus are what will drive success in the long run.

In addition, SAIPH will pursue an aggressive investment strategy to develop export activities and diversified production capabilities. Eventually, these actions will enable us to double our revenues in Tunisia and increase our footprint in the global healthcare sector.

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