Interview: Tarik Henein – President, Generic Medical Partners, Canada



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Tarik Henein, president of

Generic Medical Partners, explains the company's commitment to improving the lives of Canadians by connecting global generic development and manufacturing companies with the Canadian market. He further comments on the key points for navigating the complex Canadian pharmaceutical market and how GMP combines a unique flexibility and reliability to best service their partnerships in this context.

Can you please introduce yourself to our readers and explain to us the beginnings of Generic Medical Partners (GMP)?

I have been blessed and fortunate to have over 30 years of experience in branded sales and marketing across various pharmaceutical companies and countries, having worked with Merck-Frosst, Searle, Sanofi and J&J amongst others. Given my varied experience, I am able to bring a differentiated take on the generic market in my position as President of GMP.

I came to found GMP after considering the Canadian market in all its aspects, its evolution and its future, and coming to the conclusion that it needed a new, unique solution to remedy its supply problems and to improve quality of care. Indeed, I saw that Canada's pharmaceutical market was heading toward a dangerous collision course whereby multinationals, local Canadian companies and the influence of new pharmaceuticals would come to blows with government price controls.

Pharmaceutical organizations across the country were fast approaching a cliff given the unattractive pricing policies in Canada, paired with the difficulties to run a profitable business in the country. In this context, it was easily deductible that the culmination of these activities could be a dangerous lack of drugs and supply issues. I thus identified a problem, as well as a business opportunity and soon an according solution.

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My father is an icon in the world of generic pharmaceuticals and was very much involved in the establishment of GMP. Before launching this venture, he was CEO of IVAX Pharmaceuticals in the US and was President of Novopharm in Canada, the legacy company for Teva's operations in Canada. Given my father's and my career in pharmaceuticals spanning decades and comprising an influential network, together we knew many leaders of the most significant pharmaceutical organizations in the world. Many had never introduced to Canada the majority of their portfolio, either because rivaling products were already present in the market, or because the challenges to access the Canadian market were too intricate for them to overcome. Many MNCs when looking at Canada, see 13 different healthcare systems and challenges in market access multiplied by the same number. Hence, we spotted a market gap and saw the opportunity to seize it by creating a company that would act as the interface between MNCs and the complex Canadian system.

GMP is all about real, profitable and happy partnerships, so much so that it is in our name! We started out by approaching large organizations we wished to partner with, reassuring them on the fact that we had no intention of developing or manufacturing products. With the help of my father's network, we were successful in founding several partnerships with companies offering fantastic portfolios.

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Our strategy was to capitalize on the extensive and affordable portfolios MNCs offer, while leveraging on the flexibility being a homegrown Canadian brand offered us. Flexibility is often an issue in the Canadian marketplace because pharmaceutical companies set too ambitious targets without considering their real supply capacity thoroughly. The smallest problem in production then leads to a supply issue.

Can you tell us more about the products within your portfolio and which perform best?

To this day, we have 25 approved products in our portfolio, and several more in the pipeline. Remaining under the radar, we are still very active in helping to bridge the gap between

international pharmaceutical companies and local needs. Many of our products are to be found in hospital tenders, we carry a series of injectables in oncology, as well as oral and ophthalmic products.

What are the main challenges you observe in Canada's healthcare system today?

Our good performance left aside, I am personally deeply concerned about trends I observe in the generics industry in Canada. Both the reimbursements and pricing systems have issues to address and resolve. Today the entry price for a generic such as rosuvastatin (generic for AstraZeneca's Crestor®) is at 13 percent of the innovators' price where it used to be at 75. However, many generic players do not have the financial securities that innovators can rely on. Nonetheless, they have to produce quality, which becomes increasingly difficult when first to market prices are dropping. For many, entering the Canadian market with certain molecules is not worth the return on investment anymore given their large infrastructure and very high cost of doing business.

Companies used to pursue the strategy to introduce all their generic products to a new market in order to maximize profits, but this trend has significantly evolved. Today, to be a successful generic company, generic players focus on few generics with high return; those that are profitable.

What allies should the government pursue in regards to generic penetration in Canada?

The government has to ensure that prices do not drop so low as to stifle production. I try to look at healthcare as a single entity, although governments tend to look at it in a very siloed approach, especially when it comes to budgets. But, if you are too focused on drug budget, you lose sight of other money-saving opportunities. We need to increase the penetration of a generic when it is first launched. Individual provinces have protected branded drugs more than others, but overall, if you are to grow generic penetration, there will be more savings, it is quite simple mathematically.

In some provinces, we observe growing generic penetration. In Québec for example, penetration has risen from 58 percent to 72 percent. But nationally, this number needs to be higher. For a patient who is new to a treatment, it is much better to start with the generic drug right away if it is available in the market, rather than the brand to then switch to the generic later on. This is something that is not taken into consideration enough.

The issue of production costs and seeking the lowest prices has impacted Canadian manufacturing so much that many now consider moving operations to cheaper producer countries despite the problems in business control and management this can entail. In the long run, this will eventually cause shortages of drugs in Canada. In chemotherapy, there are already major product shortages,

clearly affecting the survival rates for cancer patients.

How does GMP navigate the fragmented Canadian market?

We have partnerships at many levels of the pharmaceutical chain, from supply to development, manufacturing to procurement, located across the country. We adapted our business model to reflect the rapid shifts in capacity needed that result from the fragmentation in the Canadian healthcare landscape. We have been able to exceed our partners' expectations again and again by adapting fast and efficiently.

What are the main advantages of partnering with GMP in Canada?

We will never develop, manufacture or formulate because we have no interest and we will never be as efficient as dedicated partner companies around the world. On the other hand, we do cover regulation, distribution, sales and marketing, and are experts in navigating the Canadian market and its complex regulations. We have an excellent track record, are performance driven and have products across all categories: injectables, orals, ophthalmological products and biologics.

When we began the business, we partnered with companies with the richest portfolios and the most effective manufacturing capabilities. The products filed were ones that already matched Canadian trade dress and were being manufactured regularly in significant volumes. This gave us economies of scale comparable to any Canadian manufacturer and exceptional flexibility as we were able to increase or decrease orders on the turn of a dime. A large generic producer would longer to schedule production and carry out an order; at GMP we are able to leverage on our partnerships, we can respond to the demands of the market quickly and with the highest quality product in the world.

This efficiency and flexibility were what led to the creation of the second arm of our business operations, namely cross licensing to Canadian Pharma Companies. We discovered that Canadian pharmaceutical companies would approach us with requests to supply the products, encouraging the creation of an advanced cross-licensing business. As our partnerships evolved with our global partners, we offered them the opportunity to sell under our label or under the name of Canadian partners. This is really a win win for all of our partners. For our suppliers it opens up the entire Canadian market, for our Canadian partners it allows them a more affordable supply that is very reliable and of the highest quality.

What strategic priorities will you pursue for the next five years?

Regarding government priorities in healthcare, drugs are a relatively small portion of the overall health expenditure, and I would like to see more government savings made in other areas so that the pharmaceutical generics market can improve patient services. The savings cannot and should not be made at the level of discouraging drug companies wanting to develop and launch innovative products in Canada or from discouraging generic companies to challenge excessive and invalid patents that prevent generic launch and real cost savings to the system.

Our priority as a company is to forge more partnerships with companies that want to take advantage of the richness of the world's ninth biggest pharmaceutical market. We will continue to reliably supply affordable medication to Canadians because healthcare is our top priority. It cannot be that in this market patients who are diagnosed with cancer have to travel to the US or elsewhere because Canada cannot provide the appropriate medical solution. GMP has always been about being a strong Canadian business that generates profits while helping the Canadian healthcare space have affordable and accessible medicine.

Canadian citizen deserves high-quality healthcare and although we have very good healthcare, there is ample room for improvement. The provincial differences are sometimes surprising, but I believe that from sea to sea to sea, Canadians should have equal and full access to healthcare. Our healthcare system is built on this principle. Nonetheless, sometimes some Canadians have to choose between paying for their prescription and putting food on the table, and this just cannot continue to happen in Canada. The belief that we are helping Canadians, and that we are bringing something to Canada is what keeps me going every day so that we can continue to give access to high quality, low priced drugs—reliably and in confidence. We look forward to growing our group of partners so that we can help Canadians benefit more and more in the years to come.

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