

# Interview: Cezary Kilczewski - President and Founder, Medicofarma, Poland

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*Cezary Kilczewski, president and founder of Medicofarma, a Polish CMO, discusses the company's recent upgrades to double production capacity and the move into R&D operations as well as the dynamics of the possible CMO threat from cheaper nations in the east. He also highlights the strong positioning of the company within the CMO space and the potential for Poland to be a production hub in the future.*

**You founded the company back in 2004. How has the company evolved over the last few years?**

We are a pure contract manufacturing operations (CMO) company that has been privately owned since our establishment.

Over the last few years, we were strongly focused on the expansion of our manufacturing capabilities. We are introducing new technologies and moving now into liquids, ointments and creams, in order to complement our production capacity, as before we were solely manufacturing solid doses, such as capsules, tablets and sachets.

Today, Medicofarma employs around 100 staff, mostly based out of our facility in Radom, a special economic zone situated 100 kilometres south of Warsaw.

**What are the innovative services Medicofarma is offering to its customers?**

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This year we established a top-notch R&D laboratory. This allows us to develop new products for partners, focusing on OTC and dietary supplements. At Medicofarma, we can bring a treatment all the way from the first stage of development to the end product.

### **Who are your main partners?**

We have customers from all around the globe, such as India, and even an Australian customer that has its products packed by us and shipped to Mexico.

I observe in the market a growing demand, especially from Indian companies, to develop and distribute products in the EU. Also, they require their products to be packed, tested and released within the EU before being distributed throughout the continent. Therefore, we receive a huge interest from Indian players for our services, and although we cannot produce a large quantity of top selling molecules, we are competitive in the production of niche products.

### **As Poland's economy grows, so do the wages and the manufacturing cost; meaning, many companies are looking further east to India and China for production. Do you fear this trend will continue?**

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In the contrary! During the 70s and 80s many companies with the resources to move east towards cheaper countries, did so. But for the last few years we have witnessed a resurgence of players that are bringing their manufacturing operations back toward Europe.

There are two reasons for this. Firstly, the economic growth of India has resulted in an increase in salaries, and it is not as cheap as it was ten-years ago. Secondly, despite the fact that Indian companies normally produce at a decent level, EU based manufacturers have less issues with quality. EU production may be slightly more expensive, though companies will always have a reassurance of quality and safety.

### **In 2013, the company bought Macromed, a local player selling analgesic products. How important was this step for the company?**

We are a pure CMO company, though we do also produce a few own products, including our headache pills being our number-one seller. Prior to the acquisition, we were competing with Macromed within the headache pill field, having generally the same sales price, sales chain, even the same ingredients. Therefore, purchasing Macromed was a natural fit and Medicofarma now

occupies the number one position within the field. Furthermore, prior to the purchase, we were competing for market share, so this has allowed us to increase the sales price and generate a larger profit.

**How do you see your services evolving in the future, especially as Medicofarma starts to move further into R&D?**

Our aim is to provide complete services from the first stage of development to the end product and represent a one stop shop for our customers. Moreover, we will not only be working on R&D for our clients, but we are also analysing the market for further opportunities and developing treatments to address the market needs. We then will be looking for customers to purchase the rights of the products from us. This will most probably be within the EU.

**How do you position the company as the preferred partner of choice in the marketplace?**

In Poland, we positioned ourselves as one of the three largest CMOs for OTC and dietary supplements. The size of the market gives us a significant advantage compared to CMOs from other countries, however, we understand that in order to meet our growth objectives, we must look abroad, and I believe we currently have the capabilities to supply leading multinationals from across Europe.

One of our strength and important growth driver has been the strong relationships we have built with our partners over the years.

**Where do you want to take Medicofarma in the next four years?**

We aim to increase awareness around our capabilities and to be better known on the market while increasing our sales turnover by at least 200 percent. Also, I strongly look forward to introducing some unique technologies on the production side.

**Many people fear that leap of faith to start their own company. What triggered you to found Medicofarma all those year ago?**

Prior to Medicofarma, I was working as a tax advisor, and during this period I assisted the former owners of the company, whose major business was the aforementioned headache pills. After a while they decided to sell, and I took up a majority share of the company. When Poland entered the EU, the company was forced to meet new EU requirements, so we moved the manufacturing site to the current location within the economic zone and decided to fill the remaining production share of

our new facility.

Thus far, it has been an exciting journey, and running this business gives me joy. I do not do it purely for financial reasons, but I truly love being an entrepreneur and it is a thrill seeing the company in continuous development.

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