# Vakis Frangos – Managing Director Commercial Operations, Delorbis, Cyprus



20.09.2018

Tags: Cyprus, Delorbis, Manufacturing

*Vakis Frangos, managing director for commercial operations at Delorbis, walks us through the unique history of the company as one of the few local manufacturers in the island as well as his strategic vision to strengthen Delorbis' brand on the global scene.*

**After four years of existence, Delorbis is already a success story in Cyprus. Can you share with our readers the company's unique history?**

Established in 1989 under the name Aegis Ltd, the company was a small contract-manufacturing organization. In 2010, Aegis Ltd proceeded with a strategic alliances with other EU pharmaceuticals companies. Based on this alliances, Delorbis invested in the manufacture of our own pharmaceutical brands in Cyprus for export to emerging markets. With the strategic shift came the new company name, Delorbis, in 2014.

Currently, we have marketing authorizations in 36 markets and our activity is mainly focused on Asia and Middle East markets, with some targeted African countries. Except for Cyprus and Malta, we do not see the European Union as prospective for us as this region is too crowded to welcome players like Delorbis. Since 2012, we have our own team taking care of the Cypriot market but around 90 percent of our revenues come from exports. Over the years, we have experienced double digit growth thanks to our team who did an impressive job in positioning the company as a local generic manufacturer but with a multinational company's culture. Indeed, despite keeping the

same local facilities, the employees and the company's culture have changed dramatically, adopting more of an international company's mindset.

**Looking at Delorbis' manufacturing business line, how are you adapting your strategy to different markets?**

Delorbis has developed its own brand of generic solutions that we are promoting in Cyprus thanks to our own sales and marketing team. 95 percent of our activity is exercised in the private sector as the public environment is more complicated and not attractive. Indeed, many Cypriot doctors and patients do not trust generics, so the brand is highly important and easier to promote in the private sector. To establish our brand, we have focused on maintaining high-quality products and strengthening our good relationships with healthcare professionals. In addition, Cyprus is an interesting market, but the upcoming healthcare system will bring some new challenges which lead Delorbis to consider new areas to invest. We decided to enter the OTC sector with food supplements and cosmetics considering the attractive characteristics of such segment. First, Cyprus is welcoming more than two million tourists per year who will need medicines while on holidays and physicians have started to prescribe more food supplements to their patients. Then, it will not be a price-regulated sector and our signature as a pharmaceutical company can give us a strong competitive advantage compared to our competitors. Therefore, we have started our OTC activities and hoping to see results this year.

**As a local manufacturer, what is Delorbis' role in the implementation of the new healthcare system, GeSY?**

As a Cypriot company, Delorbis is putting a lot of hope into the upcoming national health system. The system is planned to be implemented in June 2019 but to this date, no agreement was signed with the physicians, the pharmacists and the pharmaceutical companies. This is slowing down the process when we have no time and many other issues to overcome. Indeed, we are facing different problems and the uncertainty makes it difficult for a local manufacturer like us to plan our production which is usually planned for the next three years. At the very least, our planning starts a year before, but the government is not communicating any details to prepare ourselves for 2019. The lack of preparation could lead not only to the market running out of stock but also to our staff changing positions or leaving the companies.

Therefore, the healthcare system should be implemented to cover all citizens and each stakeholder should work towards helping the country and not only satisfying their own interest. In this sense, local manufacturers are critical to the sustainability of the system while the bigger players may be

leaving this less than one million people market following the price decrease next year. Indeed, it is part of our duty as Cypriot manufacturers to support our country and produce the needed medicines at low prices for patients. In the same way, the government should support local manufacturers as we represent 32 percent of the total exports of the country.

**Considering the limited size of the Cyprus market, exports are at the heart of your growth strategy, which should be the key markets in the future?**

We are targeting mainly the emerging market and we are lucky to have the two Cypriot success stories, Medochemie and Remedica, which opened these markets more than 30 years ago and established the Cypriot product quality there. These countries with important entry barriers are requesting EU-certified products, and especially in the Middle East. Considering Cyprus' close location to such markets, we can fill their requests as an EU country. Based on our capabilities, we chose 15 countries, either with an important population such as Ethiopia and its around 100 million citizens, or with a great regional influence such as Viet Nam which has interesting business links in the area. Our main goal in these countries is to expand our product portfolio and strengthen our brand while we will choose a few more markets to enter in the long term. Due to the geographical distance, building a brand is important in export countries.

**As the managing director for commercial operations at Delorbis, what is the strategic direction you have set for the next few years?**

In 2015, our goal was to double our turnover in 2020 and we are proud to have achieved our goal this year. Therefore, we are focusing our efforts on developing our Branded products, CMO and Analytical services thanks to our people who reflect the company's culture and values as well as our flexibility in decision making. Delorbis has a unique offering characterised by competitive delivery time and flexibility. We offer small batch sizes, quality control and analytical services and we can serve our clients in a timely manner.

We also took the decision to invest more in our products. We are planning to achieve more than 98 percent of exports by developing primarily our Asian markets which are in favour of EU products. The Middle East region is a project we started two years ago considering their proximity and we are aiming to strengthen our presence there. However, we have to be careful as we need to understand the history and conflicts that influence business relations. In my opinion, the biggest risk a company can take is not to take any. Therefore, we are looking forward to the future and the new opportunities that will rise.

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