Ersin Erfa – General Manager, Centurion, Turkey



Production has already started in our new facility, which is one of the biggest biological production sites in Turkey, located in Ankara.

02.10.2018

Tags: Turkey, Centurion, Biotech

Ersin Erfa, general manager of Centurion, which recently set up one of Turkey's largest biotechnology plants in Ankara, dives into the world of double-digit growth and a booming export business, while truly establishing themselves as one of Turkey's leading biotechnology-focused companies, in addition to their historical expertise in plasma products.

What have been the key achievements and milestones of the company since we last met three years ago?

Over the past eight years, Centurion has been growing at a double-digit CAGR, growing 60 percent in 2017 alone as a consequence of new legislations and the start of our new production facility. Furthermore, we have recently entered the vaccination business which is also growing fast, paving the way for our double-digit growth expectations to continue until 2023.

As mentioned, production has already started in our new facility, which is one of the biggest biological production sites in Turkey, located in Ankara. Its construction was completed towards the end of 2017 and is now Good Manufacturing Practice (GMP) approved. Furthermore, it was also the first facility to be inspected by the Turkish Medicines and Medical Devices Agency (TiTCK) after it joined the Pharmaceutical Inspection Co-operation Scheme (PIC/S) in December 2017, a great achievement which we are extremely proud of.

Considering our main office is based in Istanbul, we chose Ankara for two reasons. Firstly, Ankara has good infrastructure with its international airport, good motorways and transport services, a good standard of living and great universities. Secondly, we noticed that in Istanbul – where most pharmaceutical companies are located – it is extremely common for employees to switch between these different companies, while we want to maximize our long-term investments in the biotechnology area. Furthermore, a lot of University graduates struggle to find employment in the capital city and so move to Istanbul, therefore we moved to the source, counteracting this problem.

What have been the main highlights of building a fully-fledged pharmaceutical company from the ground up?

Centurion established its R&D area in 2012, so we are a very young company in this regard. However, in the past six years, we have completed nearly eight projects approved by the Scientific and Technological Research Council of Turkey (TUBITAK) and created around 16 new generic molecules while investing five percent of our revenues in our R&D endeavor every year.

On the manufacturing side, we decided to set up our own biological and biotechnological platforms in 2015 and completed the overall construction within less than two years. To ramp up our manufacturing ambitions, we entered into an agreement with Argentina's Amega Biotech, as they wanted to leverage Turkey's localization incentives to start manufacturing locally. Although the certification process took another six months to complete, we jointly designed and completed our first product's development in only 18 months, and we have been producing this product for almost one month now in our new facility.

When it comes to biotechnology R&D and manufacturing, how do you find the expert talent and knowledge in Turkey for such niche areas of science?

With the aid of our partners, we were able to relish in their expert knowledge of R&D, because unfortunately finding the right talent is a major problem in the country. On one hand, looking towards South America, we are working with our partners in Argentina and an Argentinian University who help train our employees in R&D.

On the other hand, when it comes to our plasma products, we are working with our partner in Europe, Sanquin, along with the Green Cross Courier who is helping with the training for our vaccination platform and increasing our knowledge capabilities. It is fortunate that we are able to

rely on our partners for this vital part of the value chain.

Why do you think these well-established companies are willing to help Centurion climb the value chain?

Sanquin is a knowledge-driven non-profit organization that supplies life-saving products established in 1998 through a merger between the Dutch blood banks and the Central Laboratory of the Netherlands Red Cross Blood Transfusion Service (CLB), while its Plasma Products division works closely with sister organizations in other countries, such as the Department for Central Fractioning (CAF) in Belgium and the Finnish Red Cross. Their R&D, manufacturing, and technology capabilities are at perfection. Regarding the sales and marketing activities Sanquin strategy is to setting up regional hubs with their partners by combining many countries together. Therefore, we complement each other, collecting their end products and becoming the main sales and marketing instigator for them. Thanks to the developments of our manufacturing plant, which they helped to design, we have become their backup production facility in Turkey.

In line with the government's Vision 2023, do you believe Turkey can become self-reliant on the production of its own products?

Turkey's population is its main asset because for all the different therapeutic areas there is the possibility of home-grown production which is achievable. Centurion aims to achieve full, independent production of our plasma products within the next year, compared to a tender that the government recently gave and which allocated to the bid winner six years to start production. We considered that this time span was unacceptable, and we know we can achieve our incredible target of one year. It is extremely important for the country to have easy access to this life-saving therapy, without the necessity of importing.

Having moved from a marketing and sales orientated company to expanding our capacity to include R&D production, I think it is possible for the Turkish ecosystem to become self-sufficient. We moreover moved from a company focus on small molecules to a biological one, working not only with plasma products but also with vaccines and orphan drugs, creating the necessary facilities to meet the needs of the country in these critical areas. This proves that Turkish companies can also successfully move up the value chain and locally produce complex therapies

which until recently were only imported.

Centurion’s transformation is indeed aligned with the government’s 2023 Vision, while TiTCK’s Dr. Hakkı Gürsöz commented during our interview on how biotechnology should become a priority for local companies. However, don’t you feel that Turkey’s extreme pricing pressure is in contradiction to the fulfillment of this vision?

Over the past three years, investments in biotechnology from local pharmaceutical companies amounted to over USD600 million, which is particularly substantial given the recent weakness of the Turkish Lira. Furthermore, biologic products already make up around 20 percent of Turkey’s pharmaceutical market and this figure is continuously growing, creeping towards the European average of 25 percent. This figure is set to increase in Turkey to around 35 to 40 percent in the next ten years, so clearly many are seeing the area as a good investment opportunity.

However, the pricing issues are the bottleneck for many companies, but I believe that when you look back between 2009 and 2013, the prices were much more stringent, and we have seen improvements since then. Looking forward, it is without a doubt that the government needs to create sustainable, long-term projections for the industry, and at Centurion we are optimistic that prices will begin to increase in the mid-term.

On the other hand, the government does offer support, and there are some investment incentives, but most of them come into effect when the company makes a profit on a given product, which can take up to five years. In the meantime, the idea of implementing purchasing guarantees is being evaluated and regulations will need to be put into place, but it seems that TiTCK and the SGK will begin to explore this avenue very soon.

With the creation of the Turkish Biotechnology Platform (TBP) in 2016, do you expect to see more joint ventures between the biotechnology companies when it comes to investing in this area?

Typical Turkish behavior is to remain independent, and we are not well organized enough to participate in joint ventures. We all have different scenarios on our plate and clearly, we are all growing very fast independently, so I think this is the consensus.

Centurion’s revenues currently stand at around TL 250 million [USD50 million] and we are a top 30 company in Turkey, having moved from a small to a mid-sized well-established company within less than seven years, and we already have successful partnerships abroad, so I do not have my sights set on a joint venture in the country just yet.

In parallel the company’s ever-increasing commitment and investments to Turkey, how has Centurion’s export capabilities evolved?

Although we have not yet received EMA approval and thus are unable to export to Europe, we have already signed an agreement with one of the continent’s top five pharmaceutical countries. We provided this new partner with our dossiers so they can produce our products in their facilities and distribute them across Europe, making this important region a crucial market for the company.

Whilst we wait for our impending EMA certification, we do not plan to rest on our laurels either. Our target for the next five years is to be a semi-global company, mainly operating in the Middle Eastern, CIS and Balkan countries, in addition to working in LATAM countries after recently signing an agreement deal there. Furthermore, we aim to target Africa, jumping at the opportunity to begin exporting to South Africa in the upcoming months.

Because we are producing differentiated, complex products, we have not faced many challenges in exporting to these countries. Depending on the product, we do face some pricing discrepancies, but each scenario is different. When selling me-too, vanilla generics abroad, international partners would typically require Turkish companies to offer a sale price similar to that in Turkey, which undergoes some of the toughest pricing conditions in the world. However, when it comes to more innovative and niche products, we are able to demand a more premium price with much more freedom.

Looking at the last ten years, the country’s pharmaceutical export business was growing very fast and is close to EU 1 billion, although when comparing this to the size of the whole industry there is major room for improvements. Turkish pharmaceutical companies have a talent, and with the right product portfolio and plan, it makes no doubt they can significantly increase their export capabilities in other countries, and we want to establish Centurion at the forefront of this outward-looking trend.

What differentiates Centurion from other companies in the industry?

Our competitive advantage is that we are the first movers into new therapeutic areas. For example, we moved very early to include injectables in our portfolio, but in the recent years, there are also about ten different companies that have made this strategic move. Beforehand, the capacity in this area was limited and profits attractive, but now there is more competition. Our capacity to accurately identify ‘blue ocean’ market niches and swiftly put into motion our R&D, production, and commercial strategy are almost unrivaled in Turkey.

In this context, we are well aware that innovation has become the name of the game, and we are investing in mid-sized pharmaceutical companies in the US and Europe which ensures we can bring their knowledge to our home country. For example, Centurion will be part of the first worldwide product for the treatment of Lupus, with the objective to ultimately bring this innovation to the Turkish patients, paving the way for access to the best technology and the highest quality of products in the country.

As a mid-sized country operating in a domestic context marked by a devaluating lira, I feel that companies must differentiate themselves from one another and find their own niche in order to survive, otherwise, they will continue fighting for market share with poor prospects of profitability, which will only cause them problems in the long run.

What would be your final message to our international readers?

In 2013, the total pharmaceutical industry was around TL 13 billion (USD 2.6 billion) and has now grown to TL 26 billion (USD 5 billion) showing investors that there are huge opportunities in the country. The train for becoming a generics powerhouse in Turkey has already departed, however, the time is now to invest in innovation and new treatments. Turkey truly emerges as the right country to conduct these investments, with an aging but growing population that is set to reach 100 million inhabitants by 2023. In the meantime, I am positive that the government will continue to push for the transformation of its healthcare-tourism potential, helping Turkey to improve its hospital treatments not only for internally but also for its surrounding countries and their patients. These factors supply optimum reasons for investors to come and invest!

See more interviews