

Abidin Gulmus - Founder and Chairman, Gen Ilaç, Turkey



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Abidin Gulmus, founder and chairman of Gen Ilaç, describes the company's impressive journey to become Turkey's principle orphan drug distributor and shares his vision for leveraging the company's domestic expertise to expand their reach into foreign markets.

Gen Ilaç is one of the fastest growing Turkish success stories although it is still relatively young. What was the market opportunity you identified back in 1998 and the business model you have been following to differentiate yourself?

Our initial strategy was to focus on orphan disease drugs – a niche product segment – as other areas of the Turkish pharmaceutical market were already saturated with me-too products. After identifying our target segment, we started in 1998 by partnering with Biogen as a distributor, which has since been our strongest partnership; we even just celebrated our 20-year anniversary this year. We are proud that Gen Ilaç is one of Biogen's best performing distributors, and their CEO, Michel Vounatsos, came to visit our office in Ankara this past June.

We began with Biogen's singular MS drug, Avonex, but today we have added many more products to our portfolio. Over the years, Gen Ilaç has also expanded into other niche disease areas and we signed agreements with several other biotechnology companies. In Turkey, we represent Biogen, Ipsen, Biomarin, Vertex, Orphan Europe, and several others.

Our vision is to become an easily adaptable company, bringing novel treatment options to patients living with difficult to treat conditions while continuing to give the best services to patients as we have over the last 20 years. We have consistently brought life changing treatment options to Turkish patients and our success has been driven by the lack of organizations who can compete with Gen Ilaç.

In 1998, how did you convince a renowned innovative company like Biogen to partner with Gen Ilaç, which was at that time a newly established company?

I actually started my first company in 1988, operating in the laboratory diagnostics sector. The company represented Pharmacia Diagnostics for many years, before making our main entry into the pharmaceutical industry in 1994, with our partner Serono, which was eventually acquired by another large multinational. Afterward, I started Gen Ilaç as a clean slate to continue leveraging my expertise in the pharmaceutical field. Biogen understood the value of my experience and this trust became the basis for our partnership.

Every year we incorporate two or three new partnership contracts to the company. Gen Ilaç is proud to be the first point of contact for innovative biopharmaceutical companies looking to bring their products to the Turkish market. From the beginning, Gen Ilaç's mission has been to be a solution partner for medical society and patients using ethical principles to service specific therapeutic areas. As I mentioned, the most important aspect of our vision is to become a company with the capacity to adapt to changing world condition: what makes Gen Ilaç unique is our minimal bureaucracy philosophy and efficient decision-making process.

What is the current positioning of Gen Ilaç in the Turkish market?

Gen Ilaç the fastest growing pharmaceutical company in Turkey and was ranked 253 in Fortune Turkey 500's list of companies for 2017. Despite the current economic crisis, we aim to climb another 40 positions on the list this year.

We are also the biggest rare disease company in Turkey. My business development team and I are dedicated to following late-stage clinical trials from all around the world to determine the best times begin our interaction with these global innovators. We are proactive in our communications; occasionally initiating discussions up to five or six years before approval.

How would you assess the coverage of orphan drugs provided to rare disease patients in Turkey?

If an unmet medical need can be identified and a drug is proven to benefit patients, the Turkish Social Security Institution (SGK) will grant approval to non-registered treatments under certain prescription criteria and through a Named Patient Programs (NPP). Overall, I believe the Turkish reimbursement system is one of the best, and most humanitarian, in the world – not only in Europe. In other countries, many drug costs are not fully covered or some level of patient contribution is required. In Turkey, even unlicensed, expensive treatments can be accessed by national patients, including Syrian refugees, through the NPP. Although the economic burden on the government is heavy, this approach is well appreciated by all stakeholders.

Pharmaceutical companies like Gen İlaç in Turkey work very ethically and avoid communicating directly with patients and their families. These activities are handled and organized by patients associates and in turn, we provide them with some assistance to continue operations. We do not interact with patients, however, we occasionally assist in diagnostic services by exporting samples in the instance that a diagnostic procedure is not available domestically.

What are the current strategic priorities for Gen İlaç?

Although the licensing of orphan drugs will remain the primary area of focus for Gen İlaç, we decided eight years ago to establish our own manufacturing site in Ankara with an objective to produce and sell our own formulated products. Our objective is to select difficult to make generic products which are not registered or licensed in Turkey and only accessible with special permission from the NPP program. Producing these products locally ushers in significant outcomes for the Turkish health ecosystem and thereby stands as our contribution to the government's Vision 2023. Moving forward, we aim to have ten approved products in Turkey within the next five years.

In the meantime, more than 50 percent of our production is already exported to the Far East and CIS countries. In the upcoming year, we will apply for EMA approval through the German authority and moving forward, FDA approval as well. Last month our manufacturing facility achieved Russian GMP approval, therefore we are confident in our ability to meet these requirements.

With the recent surge in export activities in Turkey, we have seen a wide variety of strategies ranging from targeted to opportunistic approaches. What is the Gen Ilaç international strategy?

We have a twofold international approach; exporting our own portfolio in selected markets through direct presence or partnerships, while in the meantime expanding our distribution activities with leading biopharmaceutical companies beyond Turkey.

In strategic European markets, such as Germany, our aim is to directly access the market with our own affiliate and locally sell our own portfolio. In other countries, like Russia, Indonesia, and the Philippines, where we already have approvals, we will partner with local distributors.

Currently, Gen Ilaç has offices in Kazakhstan, Georgia, and Azerbaijan where we are representing Biogen. We are not present in Uzbekistan or Turkmenistan due to currency issues, which have since seemed to be resolved. Therefore these markets may be an area of interest for Gen Ilaç as well.

Only a few Turkish companies have experienced great levels of success abroad. What is your competitive advantage which will help you to gain market share in such competitive markets?

In regard to market competition, this is very relative. Looking at the drug prices in Turkey against the prices in Europe, it is incomparable. Being able to compete in Turkey, a very difficult market with low margins, has prepared Gen Ilaç to compete in Europe as well. With products manufactured in Turkey, we will be able to penetrate the European markets with more affordable products. Additionally, the tender system and universal healthcare systems across Europe and Turkey are very similar, which will allow us to transfer the knowledge and experience we have gained domestically as we expand outwards.

Through our distribution activities we are already known by almost all international biotech and pharmaceutical manufacturers. Our specialty and expertise are recognized and well revived by international players, while I personally attend many industry events, including the Drug, Chemical and Associated Technologies Association (DCAT) conference in New York every March. Over the years I have developed a strong network across many markets, identifying the players with whom Gen Ilaç should best interact. Nevertheless, we understand the importance of polishing our image and building the Gen Ilaç brand abroad moving forward.

The government has remarkably named the pharmaceutical industry as a priority sector in Turkey. How would you assess the condition of this scheme for the industry?

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Although the government has identified the pharmaceutical industry as a priority sector for the Turkish economy, there are few details given about the intended impact of the initiative, especially in regards to biotechnology. A new economic plan will soon be implemented, but we are still unaware of what incentives, if any, will be given to Turkish investors.

The investments in the pharmaceutical industry cannot be short term: for example, developing one biosimilar takes ten years. Given the government's push towards the development of biologicals, we need support from the government to pursue this technology.

Most importantly, there is a need for clinical trial support. Biosimilar products require a large investment to conduct clinical trials, occasionally greater than the cost of development for the drug itself. Biosimilar products must be proven to be equivalent to the original; in order to do this, a trial of 200 to 300 patients must be conducted, the cost of which can range from USD 150 million to USD 250 million. It is impossible to take this financial risk without government support.

In terms of exporting opportunities, the government is doing well to encourage the development of this area. For example, many Turkish companies will be participating in the upcoming CPhI conference in Madrid and 70 percent of the cost is covered by the government.

What goals do you have for Gen Ilaç for the next five years?

We are already in the top ten listing of Turkish pharmaceutical companies by revenue, having earned TRY 897 million in 2017 [around USD150 million]. We are hoping to reach TRY 1.4 billion [USD 230 million] in revenues for 2018.

Looking towards the future, it is difficult to anticipate the economic conditions five years ahead. Over the last ten years we experienced strong growth rates, however, the latest inflation report published has been slightly demoralizing for stakeholders. Despite this uncertainty, we will never

give up and will continue to lead Gen İlaç into the top five companies of the Turkish pharmaceutical industry.

On a more personal note, what has been your proudest achievement during your 20 years running Gen İlaç?

When starting from nothing, a company is like a baby. After a few months you can see it stand up by itself, begin to walk slowly, then much faster, and eventually see it sprinting forward. Watching and nurturing this growth is one of the proudest feelings I have had.

This year we had our 20-year celebration with the entirety of the company – one of the main drivers of success is that our company’s employee turnover is very low. I have close friends who have been working with me since I first went into business in 1988, even before Gen İlaç. The difference between massive corporate companies and Gen İlaç is that our employees are family and they know that the company and management will always stand behind them in support.

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