Ferhat Farsi – CEO and Founding Partner, CinnaGen Ilac Turkey



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Dr Ferhat Farsi, CEO and founding partner of CinnaGen İlaç, shares the company's plans to become Turkey's leading biotech entity and gives insights into the group's international expansion plans. He highlights the potential of for biotechnology and rare disease therapies in the Turkish market, while also acknowledging the obstacles for their development.

Could you please introduce yourself and the Turkish affiliate of CinnaGen to our international readers?

I have worked for many years for leading Turkish companies, in the areas of conventional pharmaceuticals manufacturing, generics and their value-added combinations. I realized that Turkey needed a high-tech biotech company, which is the reason why I joined CinnaGen İlaç.

The CinnaGen group was founded in 1994 and the Turkish affiliate, which I co-founded in 2016, will feature an R&D base and a production hub. Cinnagen İlaç will not only serve the domestic market but also international markets as, in the biotech industry, high volumes are needed to be a global player.

CinnaGen aims to be the largest biotech in the MENA region; a position we recently attained. The group currently has 2300 employees and offers 12 products in 10-15 countries, which will soon be

made available in Turkey.

Before even starting production in Turkey, we made a USD 50mn export link agreement for five countries including Sri Lanka, Algeria, Morocco, Jordan, Moldova and Bosnia & Herzegovina. Currently, we are working on the construction of a plant in Çerkezköy, that will become operational in the first half of 2019. The factory will include a special R&D section for biopharmaceuticals and manufacturing capacities for both the domestic and export market.

Moreover, we are encouraging technology transfer projects into the aforementioned countries, as these will facilitate access to tenders in certain regions. We are looking to expand our geographical distribution rapidly and are currently in talks with distributors in Thailand, Serbia, Jordan, Georgia and Bangladesh. In Europe, CinnaGen has three projects running for European submission in collaboration with the EMA, for which we will receive marketing authorization within the next three years.

Obviously, this brings many benefits for the company, as it opens the door to numerous markets. Our facilities are GMP-certified by the EU, so as soon as we gain access to the EU market, we will be able to offer our products, which are estimated to have a EUR two billion market value each. Our vision for 2023 is to become the biggest Turkish exporter by value, as our products are being produced in high volume which leads to high efficiency due to the complex technology involved.

What is the potential of the biotech segment in Turkey?

The global pharma industry will have an overall value of USD 1.4 billion by 2021, Turkey is a significant market with a steep annual growth rate between 11 and 14 percent. Therefore, there is great potential here!

As Turkey will become one of the Top 15 pharma markets worldwide by 2021, there needs to be a shift from only importing products towards exporting. At the moment, Turkey is importing many high-value products, so the next step is to develop these products ourselves. This is a clear goal of CinnaGen İlaç and the company has seen the potential to become a strong biotech player in Turkey, by being the first monoclonal manufacturing company in the MENA region. Thanks to 25 years of experience in the field, we realized that there is a market gap in the country.

Many biotech companies are not very open towards the idea of technology transfer, as they spend many millions on R&D programs; at CinnaGen, however, we see technology transfer as an opportunity to grow further. We will spend EUR 70 million to transfer our technology to Turkey.

Hence, our strategic outlook is global rather than merely domestic, as the demand for monoclonal antibodies in the country is around 200kg. Two bioreactors in our Çerkezköy plant with the capacity of 2000 litres each will be able to meet this demand.

For instance, for the active ingredient Interferon beta-1a we have the third-biggest capacity worldwide with our product CinnoVex®, which has been on the market for more than 12 years. In the biotech industry, volume is crucial, otherwise, it is hard for companies to survive.

CinnaGen knows that know-how and human resources are crucial to ensuring the production of high volumes. For this reason, the group employs 180 pharmacists with PhD degrees to ensure innovative solutions as well as 30 scientists, who are working on the up-scaling and the optimization of our manufacturing department to ensure high effectivity. This is crucial to receiving tenders. Overall, CinnaGen has invested EUR 600 million in the development of its pipeline. While we have been devoted to optimizing our own operations so far, we are open to worldwide partnerships in the future and due to our potential, I am sure we are a very attractive potential partner for other MNCs.

What are the main challenges for transforming Turkey into a global biotech hub by 2020, as proposed by the government?

There are many barriers to achieving this target, as we do not currently have many biotech experts in Turkey. Nevertheless, we faced a similar struggle 40 years ago in the pharma industry for generics. While Turkish universities have trained many molecular biologists during the last 20 years, we could not retain them and many of them are working in the US or other countries. CinnaGen İlaç, therefore has a significant role to play in attracting Turkish scientists and convincing them to stay in the country, as there will be job opportunities in the biotech industry, for example in the R&D and bioproduction areas.

Another issue is starting a new company in the biotech sphere, as the costs for R&D and clinical trials are very high. To excel in this area, the government should offer tailor-made incentives in this sector. As the government considers the pharma sector, which includes biotech, a strategic and important field, this should be a clear priority and we as an industry need to do our part in convincing the government to help us develop the sector. This goes especially for clinical trials, as there are no incentives to conduct them in Turkey at this point. Fortunately, CinnaGen is not facing these issues, as we are an established company with products on the market.

What types of changes are needed to tackle these obstacles?

There is a clear need for collaboration between the companies in Turkey, as we could benefit from the synergies created through partnerships, for example with companies that are working on the same type of molecules. While these kinds of collaboration agreements can be very difficult to establish initially, they have seen great success in countries such as South Korea, where some parts of the biotech pipeline have been organized centrally. The biotech sector is very different from the conventional pharma industry, and although some biotechs in Turkey think the same rules apply in both sectors, the mindset is completely different. As an example, CinnaGen is spending EUR three million for pilot manufacturing, which is a figure that would exceptionally high in the traditional pharma sector.

In a previous interview, you affirmed that orphan drugs are among the main strategic areas for CinnaGen in Turkey. Thanks to the Health Transformation Plan, Turkish patients enjoy a remarkable level of coverage and access to medicine. Where does Turkey stand in terms of orphan drug regulations?

Turkey has great potential to treat rare diseases, as the country's healthcare system has excellent coverage and is probably one of the best in the world in this field. Turkey's healthcare transformation has been very successful and is viewed as a global example of best practice in terms of how to ensure universal healthcare coverage. CinnaGen has special R&D programs for the rare disease treatments in the pipeline, which are placed in Turkey, as we truly believe in the country's potential. Our products will be launched shortly after receiving the assigned patent and we have an exporting capacity of around USD2bn, so we see a lot of potential. Moreover, we are planning to launch an organ drug project in Turkey in 2023.

Where do you see CinnaGen in 2023 and what is your personal vision for the company in Turkey?

As we have achieved our goal of becoming the biotech company in the MENA region, our goal is now to be among the Top 10 biotechs worldwide within the next 10 years. CinnaGen İlaç will be instrumental to achieving this target, as it opens the door for exports to Europe. Considering our excellent pipeline management and the progress we are currently making to meet regulatory

requirements, I think this goal is very realistic.

When looking back to the beginnings of CinnaGen in Turkey, there was not much support and optimism, but we insisted on driving the company forward with all our energy. Today, we receive very positive feedback on our company, also from the authorities, as we have overcome many difficulties. We are acknowledged as bringing value to the country, as we are manufacturing products domestically, which in the past had to be imported. Therefore, we bring jobs and educate people on issues related to biotech. CinnaGen aims to be the biotechnology school of Turkey and despite the obstacles, we will be successful in driving growth here.

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