

Antal Feller - CEO, Hungaropharma, Hungary



New technologies and trends are impacting the wholesaler value chain at an unprecedented pace

17.01.2020

Tags: [Hungary](#), [Wholesaler](#), [Hungaropharma](#)

Dr Antal Feller, CEO of Hungaropharma, gives his insights on the pharma trends affecting the wholesale supply chain and product delivery in Hungary, the strategic positioning of the company, on the importance of their newly opened logistics centre in Budapest, the regulatory hurdle of the serialization guideline, while sharing his outlook for Hungaropharma in the future.

Can you introduce yourself and Hungaropharma?

I am a chemical engineer and started as a chemical researcher for a decade before switching to the business side. I joined Pfizer-Biogal which was founded by Pfizer and Biogal one of the biggest Hungarian pharmaceutical company at that time today owned by Teva. I led IMS (today IQVIA) for a year from 1997 until 1998 and joined Hungaropharma in 1999. I was responsible for purchasing and later on as Vice President for Sales and Marketing and over the last decade, I have been responsible for leading the company.

My change from research to business was motivated by the change in the political and business environment, which brought about new opportunities and new mindsets affecting the entire pharmaceutical value chain.

Hungaropharma was originally a state-owned company and was founded in 1949. It was responsible for delivering goods to hospitals and to county pharmacy centres. These, in turn, would supply the various pharmacies, hence the company could not reach them directly. However, in

1990 everything changed suddenly as pharmacists became owners and these centres became wholesalers of their own. Before the so-called system change in 1990 we provided goods for the pharmacies through the county pharmacy centres, thus we did not deliver directly to the pharmacies, meaning that our market share was 0 % and now we are somewhere between 42-45 %. As opposed to that before 1990 Hungaropharma was the only one providing medicines to hospitals directly. Today in this channel we do not strive for the number one spot, but for a stable and reliable service and turnover. It is important to point out that in Hungary we are the only one present in both inpatient and outpatient care.

Over the following years the company grew into the biggest pharmaceutical wholesaler in Hungary and the 24th biggest company in the country. Hungaropharma is not only a pharmaceutical wholesaler, but it is a group of companies that operate as one: Hungaropharma and the two wholesale companies for specific tasks, Bellis and Medimpex. Bellis focuses on non-registered products, such as food supplements, and this segment has seen a rapid growth over the years. Medimpex is active in the veterinary segment and concentrates on pre-wholesaling activities while working closely with pharmaceutical manufacturers. Both companies are subsidiaries of Hungaropharma.

Furthermore, there are three additional subsidiaries that operate in the pharma IT industry. QB Pharma and Patika Platform deliver software that operates in pharmacies and connect pharmacies with wholesalers and the social insurance system. They also monitor the stock and purchasing records of goods to patients. In the beginning of November 2019 a third company was acquired which delivers software to physicians and helps them prescribe medicine to patients: it has a 50 per cent coverage in that sector. As of now, Hungaropharma has five warehouses and delivers 150 million packages yearly to hospitals, pharmacies and other wholesalers.

Hungaropharma's raw materials business unit, the core activities of which include the supply of the raw and packaging materials required for magistral or in-pharmacy produced preparations, the production of medicine substances and packaging materials packaged for the hospital market, the supply of materials for galenic pharmaceuticals manufacturers, as well as the production of own-brand preparations. Its objective is to achieve a nearly 30% market share within 5 years.

Hungaropharma's share of Recyclomed Kft is 36%. Its main activity is the collection of waste pharmaceuticals. As the exclusive coordinator of the process, to date it has collected more than 1,500 tonnes of pharmaceutical waste nationwide and to the complete satisfaction of the profession, thereby making a great contribution to the reduction of the environmental footprint associated with this.

How has the Budapest logistics centre and the introduction of the new SAP module impacted your operations?

Three years ago, the company decided to upgrade its old SAP warehouse module to the newer Extended Warehouse Management (SAP EWM), which is the first of its kind in Hungary. This is the year the rollout was completed in our smallest warehouse and it allowed to increase the scale of services that Hungaropharma offers to its clients.

In Hungary, the wholesale market operates as an oligopoly, with Hungaropharma and Phoenix Pharma being the biggest market player. The new Budapest facility was a HUF 5 billion (USD 167 million) investment financed by the owners and was built to offer more stable and comprehensive service in the market. It has taken a year to complete and we are currently in the final steps of implementing the necessary technology. The hope is that the facility can start its operation in March 2020. It will serve as the background warehouse of Hungaropharma and Bellis and is considered as a location for new services.

In Hungary Hungaropharma is the only one providing the most cutting-edge storage possibilities with the EWM module of SAP for the producers of medicines and in addition to that we have also multiplied our storage capacities. More important than anything is however the long decades of experience of our company: we do not only provide storage possibilities; we also offer the know-how of our colleagues. From the professional handling of the incoming goods, through quality management to the goods leaving the storage facility all strictly regulated medicine-wholesale processes are handled and complied with by our highly qualified colleagues. The new centre also means a cost reduction for our new partners, since the logistic costs can be kept lower and the goods can also be moved more easily.

How will trends impact the pharmaceutical supply chain and drug delivery?

Of course, the biggest changes will impact the service side of the pharmaceutical supply chain. These will influence the frequency, quality and stability of drug delivery, which has been seen with the EU serialization guideline. Even though there were no counterfeit drugs in the Hungarian market, it impacted Hungary's entire pharmaceutical supply chain. Albeit this, the market has recovered, and pharmaceutical players have implemented the unique identifiers. Hungary is now the fourth most compliant European country regarding the serialization guideline.

What were the challenges with this regulation and how did Hungaropharma overcome it?

The implementation phase required extensive planning and resources. The turning point with this guideline was founding the overarching body—the Hungarian Medicine Verification Organisation (HUMVO)—that would oversee the integration. The fact, that wholesalers, manufacturers, and pharmacists represented themselves within HUMVO has helped to speed up the process; allowing concerns to be addressed instantaneously. There was also tremendous support from regulatory and legislative bodies such as OGYÉI (National Institute of Pharmacy and Nutrition), to assure that pharmaceutical stakeholders were compliant. Recently, OGYÉI inspected HUMVO and were satisfied with the results, meaning that it is working well. The Hungaropharma company group has prepared itself on time and perfectly well for the regulation tasks. We deal with the new tasks came into force on 9th February 2019 without any problems or what is more, we do it perfectly.

How have drugs shortages affected the Hungarian healthcare system and what can Hungaropharma do to improve the situation?

To mitigate and overcome the challenges of shortages, the underlying factor that can be improved is communication with all pharmaceutical players. The shortage is a question of trust. If patients are losing trust in getting their necessary medication in time, it will make the treatment much more difficult. As a contingency, the authorities can provide permits and licenses upon requests, to find medicines in Europe if there are shortages of it. Additionally, an international network of pharmaceutical manufacturers and other wholesalers allows further alternatives from which these medicines can be procured. However, the issue is that if there are shortages in one country, it affects others as well. Inadvertently, it makes finding them difficult and prices surge in response to the limited quantity. The information and business network are imperative to mitigating the adverse effects of these shortages.

How is supply chain expertise shared with other countries?

In Hungary, two children received gene therapy for SMA. These are not available through the national health care system and were funded through donations. However, Hungaropharma was involved in the delivery of these from the United States to Hungary. The product needs to be

delivered under extremely specific conditions: below -60 degrees Celsius. This was a collective effort with other companies, and the knowledge spill over was invaluable. Collaborations between local companies or institutions, and multinational companies, allows for best practices and expert knowledge to be shared amongst countries. We are perfectly well prepared for the wholesale of new therapeutic products and currently we are the only one in Hungary to have all necessary permissions. Therefore, it is no wonder that Hungary is pioneering in the application of these products in Europe.

In pharmaceutical wholesaling, if a company wants to be involved with new treatments, they need to be able to follow changes in the deliveries or lead them.

What are the initiatives that Hungaropharma has beyond just delivering products?

Hungaropharma is trying to support all the players in the healthcare sector, especially the pharmacists. Among the challenges, the biggest is the non-adherence of patients. The company educates and empowers the pharmacists, as to better serve their patients. 20 years ago, pharmacists suddenly became owners and that aspect of their job wasn't taught. Consequently, the company supports them with leaflets and books about the management of pharmacies. It helps them to create a dialogue about proper medicine use, addressing health concerns, or interference with other medication and supplements. As they are more aware of the scope of their work and can improve the quality of service, patients will respond to that and reward them with their loyalty. Inadvertently, trust is created, and patients are more likely to adhere to the treatments prescribed by doctors and given by their pharmacists. Subsequently, if a pharmacy is successful then the patient outcome is more likely to improve, which means the company was successful as well. In cooperation with its Hungarian and foreign professional organizations Hungaropharma provides complex programs to our partner pharmacies for developing their professional knowledge and also their communication skills.

Are you proud of where Hungaropharma stands today?

Yes, I am proud of where Hungaropharma stands today! It is not so much about its market position, but rather the culture it has achieved over the last two decades. The company delivers packages yet it does more than that. It provides hospitals and pharmacies with essential medicine which can save lives. That change in perception – that we provide patients with medical need – is increasingly

stronger in the company. A team-building exercise would not have been as successful as working on the gene therapy project for those two young children.

What are the first initial objectives that you want to achieve and long-term objectives for the company?

We would like to be not only the biggest pharmaceutical wholesaler but one of the most important in that sector. Hence, we are continuously expanding and diversifying ourselves. New technologies and trends are impacting the wholesaler value chain at an unprecedented pace. For that, we need to be prepared at least to execute or – it would be better – to lead the upcoming changes.

What makes Hungaropharma the wholesaler partner of choice?

Hungaropharma is ready to partner up with new initiatives, try new solutions. The organisation is eager to hear ideas, be part of innovative solutions, and acknowledge the demands of our partners. The biggest task of this company is to remain in motion either through its own endeavours or through fostering partnerships.

[See more interviews](#)