Katinka Zinnemers – Managing Director, Abacus Medicine, Hungary



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Katinka Zinnemers, managing director of Abacus Medicine, highlights the company's mission to increase access to medicines for all patients and its commitment to building trust with authorities as it enters into the arena of parallel imports.

Please begin by introducing Abacus Medicine.

Abacus Medicine is a family company founded in Denmark in 2004. The first markets which were handled were, of course, Denmark and also Sweden. Abacus first entered the Hungarian market at the end of 2011, and we began operational functions in 2012. At the time we only had a team of 50 people, but in the past years, we have had a major growth development not only in the capacity of goods we repackage but also the size of our facilities and team. Today the production plant covers 9000m2 and we have nearly 500 employees with an ambition to continue our expansion!

Hungary was selected to be the location of Abacus Medicine's main production facility. What makes Hungary such an attractive destination for such investments?

At the time, the repackaging was done by a third-party provider so eventually, it was decided to look at the CEE region to establish the company's own capabilities. Hungary was ultimately chosen because of the supportive response from the local business authorities, the high level of English within the government and among the workforce, the country's strategic location in the middle of Europe, a solid infrastructure for transport and distribution, the breadth of skilled professionals, and lower salary level compared to markets like Austria. After establishing our operations in the country, we came to learn that the Hungarians are very dedicated workers as well.

How is Abacus Medicine's operations position in the EU and Hungary?

Abacus' main trade market is Germany, but we also ship many products to Scandinavia, the Netherlands, Germany the UK. Overall, we buy products from all across Europe as well as sell products in as many EU markets as possible. While we do not sell products in Hungary yet, we are in discussion with the health authorities to share with them the possibilities of parallel trade.

When we first began operations, we had to familiarize the authorities with parallel trading because it is not often well known or even sometimes well appreciated. For the last few years not only have we been managing our activities in Hungary, but simultaneously working to put Abacus on the map and explain to stakeholders our business model and how our activities are aligned with the industry standards. From these discussions, we have built trust with the authorities and there is more of an openness to working with us, which is leading to conversations about how we can help the population of Hungary with access to more affordable medicine.

Can you briefly elaborate on the business model of a parallel trade company?

Parallel trade is built on the basis of the free traffic of people and goods within the EU member states. In the EU, so long as the manufacturer has placed the good on the market voluntarily, the principle of free movement of goods allows individuals, or firms within the EU to trade goods across borders – in our case pharmaceutical products.

All original pharma manufacturers determine the price of each product per country through negotiation with local authorities. Therefore, each individual medicine has an entirely different

price which varies from market to market. There is not one country that always has the lowest product price, so we have a team dedicated to investigating each drug to determine where it is best to purchase.

Once we determine the buying and selling market for a product, we must ask permission from the original manufacturer and apply for market authorization which can take upwards of one year. After the product is purchased, it is delivered to the production facility here in Hungary where we have already determined which markets they will be sold in and therefore can tailor the packing to the requirements of that country.

Abacus Medicine provides better access to medicines for patients and we work towards better healthcare for all. This access is not only physical through our own distribution delivery but also financially at a more affordable price point.

Now that the year is coming to an end, what were the major achievements of the affiliate?

This year was special for Abacus Medicine in Hungary. We were successful in implementing the necessary processes to adhere to the Falsified Medicines Directive (FMD) regulation enacted in February. As a parallel trade company, we must be compliant in the same manner as other pharma companies, and as a step between the original manufacturers and final customers, we must ensure the products are genuine and registered in the European database.

This regulation was a major challenge and investment for the industry which led to several smaller parallel trade players being unable to survive the transition. Luckily, Abacus Medicine had the right resources and advanced preparation to implement (FMD) serialization in time for the new legislation. Another milestone Abacus Hungary reached was the implementation of an automation system for enterprise resource planning.

Abacus Medicine has marketing authorizations for more than 3500 pharmaceutical products in Europe. Can you give us a brief overview of the company’s portfolio?

Abacus primarily markets value-added products in serious disease areas such as cancer, HIV, rheumatoid arthritis, and other severe diseases. The price differences among these products are quite significant which is unfortunate. That is why it is particularly important that we engage in

these activities like access to these expensive products can be a challenge for patients and the burden being put on the healthcare system is growing as the cost of the goods rise and populations age. For this reason, parallel trade is becoming more and more important for healthcare systems in Europe.

What is the perception in Hungary among stakeholders when it comes to parallel trading?

In countries like Holland, there are many parallel trading companies whereas in Hungary there are only a few, so we do not have such a reputation quite yet but this is heading towards the right direction. Together we are investigating how Abacus can help the Hungarian government to reduce costs and help the population have access to medicine. The authorities seem to be very interested and we will come back together at the beginning of 2020 to discuss what disease areas and medicine could be the most interesting for such trade.

A recurrent criticism of parallel imports is that they threaten product innovation. Do you feel this accusation is warranted?

I understand this perception from the industry point of view because this is how they communicate within their organizations. However, if you look at the total market value of the pharma industry, parallel trade activities only account for three percent. In the end, it does not endanger investments and new medication development because their margins are not significantly impacted.

You had a long-standing career in the industry working for the top big pharma players such as Pfizer and MSD. What brought you to join a young trading company such as Abacus Medicine?

I am very grateful for having worked in big pharma for nearly 20 years because I learned a lot about business, market access, and had opportunities to lead teams. However, at a certain point in my career, I began to think if it is what I want to do until my pension or if there is still an opportunity to change. I always wanted to live abroad an after researching opportunities I realized that there is more to healthcare than big pharma. Seeing costs rising and that budgets are at stake

I wanted to know what can be done, and after reading more about parallel trading I learned and really understood the benefit it brings to the health ecosystem.

The reason I was the right person to lead Abacus in Hungary was that I had worked in the country earlier in my career with MSD so I already knew the country and the people and culture. However, as a Dutch manager, I bring some of the Dutch directness and transparency to our operational culture which is very important for the company and when communicating with the authorities.

What objectives are you aiming to reach for Abacus Medicine here in Hungary?

We are continuing our dialogue with the authorities about how we can bring medicine for a lower price. Additionally, I hope to optimize some of our processes because we currently have a lot of manual work, but I would like to explore how we can use process innovation to create efficacies and reallocate those labor efforts in a different way.

Given the importance of clinical development in Hungary, we also plan to further develop our service of repacking for clinical trials which we began earlier this year. Complementary to this activity, we can work with sponsors to source the comparative drug for their trial; something that original manufacturers often do not want to do.

Is there any final message you would like to deliver on behalf of Abacus Medicine?

Delivering better access to medicines both physically and financially is the mission of Abacus Medicine and the EU is the base upon which we build our business.

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