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Building a highly skilled labour force in Romania is becoming increasingly difficult due to the 'brain drain' phenomenon and a lack of attractiveness in the Romanian market

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Tags: [Romania](#), [Biofarm](#), [Manufacturing](#), [Internationalization](#), [Consumer Healthcare](#)

Cătălin Vicol introduces Biofarm, a leading Romanian pharma producer on the verge of significant international expansion. Vicol shares his insights on the potential of the Romanian consumer healthcare (CHC) market, which accounts for 95 percent of Biofarm's activities, and discloses his ambition of becoming the number one CHC pharmaceutical producer in Romania and a key player in other European and Asian markets.

Biofarm stands today as one of the most important local pharmaceutical producers in Romania. Could you start by introducing the firm and its evolution over time?

Biofarm was established in 1921. I am proud to say that over these 100 years of existence, Biofarm has kept continuous production. In 1996 Biofarm was listed on the Bucharest Stock Exchange (BVB) and since 2015, the shares in the company have been classified as "Premium Category."

According to the official available data, we are one of the Top 5 manufacturers of medicine in Romania. We are considered the most important manufacturer of soft gelatine capsules, one of the three largest producers of solutions and suspensions for oral administration, and one of the largest manufacturers of tablets and capsules in Romania.

Biofarm has over 200 products in its portfolio, covering over 60 therapeutic areas, and is market leader in 11 of them. What are the main challenges of having such a broad portfolio, and how are you facing them?

The main challenge comes from our production capacity. We have to handle the production for Romania, as well as for the other 12 countries in which we are present. This is why in 2019 we finalised the construction of a new greenfield production site here in Romania, which is currently under the authorisation process. This facility is expected to open in 2020 and will significantly increase our production capacity.

Another big challenge we face is finding the right talent. Building a highly skilled labour force in Romania is becoming increasingly difficult due to the 'brain drain' phenomenon and a lack of attractiveness in the Romanian market. To overcome this challenge, we are investing in several training programs at Biofarm for university students; as well as in numerous internal projects to develop the capabilities of our employees and keep a stable labour force, especially in technical areas.

Finally, competition is a big challenge. We are one of the CHC players that invests the most in media campaigns, meaning that we have an active communication with our consumers in order to support their understanding of safe and responsible auto-medication.

Most pharmaceutical producers have highlighted that the Romanian ecosystem is rather unfavourable, which puts generic medicine producers under great pressure and risk. How have you navigated this difficult environment?

Fortunately, 95 percent of our turnover comes from the CHC business – only around five percent of comes from prescription drugs – so we are limitedly affected by the detrimental effects of the clawback tax or the unpredictability that comes with the reimbursement list. However, we understand the issues that other pharmaceutical companies face.

Although prescription drugs only account for five percent of our revenue, they represent around 13-15 percent of our units sold, so the low-price level of prescription medicines affects our business and profitability.

After almost two years leading the affiliate, what have been the main milestones that you have reached?

One of the greatest milestones has been finalising the construction of our new manufacturing facility! Apart from that, we are proud of our position as one of the most important pharmaceutical producers in Romania - we are ranked 11th in the total pharmaceutical market, and second in the CHC market in terms of volume - delivering 20 million units per year to the Romanian market.

In addition, Biofarm went through an important transformation in 2019. We have a new corporate identity that reflects the company's harmony with nature, science, and continuous innovation. Biofarm has a new logo and we made adjustments to our values, mission, and vision in order to meet the new requirements and needs of our consumers. The main categories in which Biofarm is active are digestive and metabolic, respiratory and ear, nose, and throat (ENT), and cardiovascular and circulatory. We address the different symptoms that patients may have.

Biofarm has invested a lot into developing its production capabilities. What are your expectations once your new manufacturing plant is operational?

Biofarm's new manufacturing plant will boost our sales, not only in Romania, but internationally. Currently, only a tiny percentage of our turnover comes from our export activity. In the near future, we expect it to represent an important part of our entire business.

Moreover, we have many new products in our pipeline that will be launched internationally, so we hope to see a much higher compound annual growth rate.

What are the main trends you see in the Romanian CHC market?

There is a growing interest in the auto medication field in Romania and consumption has increased significantly in the last couple of years. Consumers have more information and a better understanding of the need for responsible auto medication. We perceive this increase as a positive change as long as our customers are well-informed. Nowadays, many of them are aware of the fact that they don't need to go to the doctor as soon as they feel any minor symptom, which has a positive impact on the health budget and reduces the burden on hospitals.

In this context, the consumption of generic CHC products such as multivitamins has decreased. Consumers have started to understand that each symptom may be treated with a specific product

- if a patient is fatigued, they will no longer take multivitamins, but a product targeting fatigue. However, even if education on auto medication has improved in Romania, our CHC market still lags far behind many other European countries.

Another trend is the fast growth of the wellbeing consumer care category in Romania. This growth is mainly motivated by the higher wages and consumption level of the Romanian population, which is attracting more companies to invest here.

How is Biofarm contributing to a responsible and sensitive use of its CHC products?

Firstly, our internal medical team collaborates closely with healthcare professionals - doctors and pharmacists - to ensure the prescription of the right products according to the patients' symptoms.

Secondly, we are an active participant in congresses and seminars on various therapeutic areas, such as cardiovascular disease. We support the scientific aspect of the patients' daily lives.

Finally, we have several ongoing programs to correct consumers' lack of information and education. Through our internal platform, patients have access not only to the features of each product, but to the benefits they offer and how they interact with any other medications they might be taking. We make sure we have active communication with healthcare professionals and our customers.

What makes Biofarm the company of choice for consumers?

We make sure that the promises we make to the consumers and healthcare professionals are supported by studies and the proven efficacy of our products, all of which are produced under GMP authorisation. We invest large amounts on research before launching a new product on the market to ensure its safety, efficacy, and quality, as well as that of the active ingredients and combinations we use, to ensure they support our patients' lives. We are not an opportunistic company; we have been here since 1921 and we are sure we will be here in another 100 years, so we want to make sure we keep our promises at any cost.

Biofarm is already present in 12 other countries: Azerbaijan, Czech Republic, Cyprus, Georgia, Iraq, Lithuania, Malta, Moldova, Russia, Hungary, Ukraine, and Kyrgyzstan.

How would you define the company's internationalization strategy?

Clearly, our intention is to grow faster and expand our footprint. We are evaluating other geographies to go to, but our final decision always depends on the regulatory environment of each country.

For instance, Romanian companies are increasingly looking at South East Asia as an export destination, so we will probably follow this trend. In addition, we are also planning on expanding our activities across Europe. There are many plausible possibilities, and it really depends very much on our evolution.

Biofarm has very strong traditional brands such as Colebil®, Triferment® and Bixtonim®. What are your plans to strengthen the company's portfolio?

The part of our portfolio that houses our strong traditional brands is doing very well. At the same time, we need to make sure that every year we launch a number of new brands that will become important players in their categories.

In 2019 we became a clear player in the cough, cold and flu (CCF) market; also, we launched an antiplatelet product called Protecardin®, and another one called Antispasmin®, which reduces the pain caused by biliary colic, as antispasmodic in various digestive conditions.

Where do you see Biofarm in five years' time?

In five years, I would like to see an increased growth rate for the company. Also, I believe that Biofarm will continue to be an important player in the CHC market and that our market position in Romania will improve by becoming the number one company in terms of volume and one of the top three companies in terms of value.

I see Biofarm having a huge footprint internationally through our export activities, being present in new geographies and offering new products to consumers. We are already doing great in Moldova and we would like to see similar success and a sustainable growing business in other Asian and European markets.

What has been your proudest moment since taking on the leadership of the affiliate?

I am proud to say that since I joined Biofarm, every day has been a happy day for me. I am working with great professionals that have welcomed me into the company with open arms, I have a stable team and we are doing a great job together.

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