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Yassine Houbachi discusses his strategy for leading Moroccan generics player Polymedic, the market environment in Morocco, and what future challenges may be. In addition, Houbachi introduces RIM Pharma, an innovative young company which is expanding access to oncology diagnostics in Morocco.

Polymedic is a major player in the Moroccan pharmaceutical industry. What are the company's main activities and its footprint in Morocco?

Polymedic was created in 1963, originally starting off as a manufacturing plant for Rhone Poulenc Rorer which was then bought by Aventis, later to become Sanofi. Following that, the firm was bought back and became Polymedic. It started through manufacturing contracts with multinationals using a 'licensing-in' business model and offers both a multinational model and a local company's flexibility. This appealing model attracted several prestigious partners such as LEO Pharma, Bayer, Sanofi.

Polymedic quickly became an integrated pharmaceutical company through entering the generic market, developing and launching its own products with a focus on chronic disease, becoming the main focus of its current and future business. Afric Invest has invested in Polymedic in 2012, enabling the company to take an international perspective rather than only focusing on the

Moroccan market.

The Moroccan generics market has a low growth rate and is highly competitive. What is your strategy to continue growing and achieve sustainability?

This competitiveness leads to innovation and the need to develop new products while adopting the correct strategy in order to stay ahead of the competition. In the case of Polymedic, there was a need to take a global approach. Indeed, the Moroccan market has a slow growth rate, estimated at two percent per year. Because of this, the key question was how to make the right decisions for the 20 years to come, as pharma is a long cycle.

Polymedic is facing competition from strong and well-established international players reinforcing their position in Morocco by investing in manufacturing plant, making it necessary to prepare and establish the assets to compete. In Morocco, the pharmaceutical industry has been protected by the state which has enabled the local industry to flourish, nevertheless, it does not guarantee the sustainability of the business model or of Polymedic in the long run. The market being stagnant, prices are dropping and competition is rising. It is, therefore, crucial to define the right growth channel, such as exports, as Morocco is positioning itself as a hub for the region.

In terms of regional exports, the African market is complex. It has a promising future but also holds major ongoing challenges such as health security with logistic, economic, or even social constraints. Polymedic aims to be an actor in Africa's development as it was in Morocco's development.

In 2020, Emirati private equity firm NBK Capital Partners became the major shareholder in Polymedic. What does this mean for the future of the company?

It is necessary to look for new growth drivers as Morocco is stagnant and Africa is still under development. In order to penetrate new growth channels, Polymedic decided to access it through an investment fund: NBK Capital Partners. This enables Polymedic to be part of an international platform, benefiting from NBK's other assets, working with complementary partners and acquiring new assets. In terms of exports for instance, it facilitates access to new markets while complementing our portfolio in Morocco.

As a company, being solely dependent on the Moroccan or African market is not sufficient, thus being part of a larger group gives us a competitive advantage.

Morocco has recently implemented a decree to enforce bioequivalence studies on generic products, what are your priorities regarding this decree?

Legislation is constantly evolving and improving. With regards to the bioequivalence decree, it is being applied and respected. Polymedic is adapting and prioritizing its product pipeline to enable access to products already present on the market first. In other words, products of first necessity in Morocco and intended for export will be prioritized.

Polymedic is not only a generics player but is also present in the nuclear medicine field through RIM Pharma. Could you introduce the company?

RIM Pharma was originally an affiliate part of Polymedic as its nuclear medicine department and was spun off in 2015. RIM was created in 2007 from a pioneering idea, to create a centre of excellence for cancer diagnostics in Morocco with cutting-edge technology: the positron emission tomography (PET) scan. It was already available as a major diagnostic technology in the United States and other European countries. The aim of RIM Pharma then was to create this excellence centre for the Arab & African world. More generally, it has been designated as a key diagnostic for cancer detection and treatment, enabling crucial earlier detection of cancer.

Our production facility produces fluorodeoxyglucose (FDG18), which is the most advanced product used to date, used for diagnosis, staging and monitoring treatment of cancer. It is basically a radioactive substance composed of a glucose analogue that is injected into the patient to establish a diagnostic; while absorbing the radioactive glucose analogue, cancer cells are therefore radioactively marked and then precisely visible on a PET camera and thus enables the detection of the exact location of cancers. It enables a re-orientation of the therapeutic process thanks to a clear image of the disease in all the body. From the same technology, it is possible to implement several radioactive tracers such as Choline that RIM Pharma launched about a year and a half ago. Choline is dedicated to prostate cancer and is the first solution able to visualize the prostate in 3D and the expansion of the cancer.

There are a variety of diagnostics and treatments that are currently still under research at RIM Pharma's facility and that could be used to detect other diseases, the aim is to go toward a more

targeted treatment and therapy. Of course, this is a smaller market segment but has amazing growth prospects. It enables us to diversify and complement the group's activities while capturing growth for years to come.

How are you going to make this technology accessible for hospitals and patients around the world?

The challenge of nuclear medicine is closely linked to its temporality, the time span lasts four hours, after which the radioactivity cannot be used. We are not yet able to export the product yet, but RIM Pharma has created a model that is easy to duplicate and implement in other locations.

Various avenues of development in Africa are under consideration, specifically in some countries sensitive to this scourge. Indeed, patients from Africa come to Morocco to access our diagnostics, as do those from France where the waiting time is long. These are the reasons why we want to expand. For instance, North Africa is a market in which we would like to move if the right partner emerges, while the Middle East is another option.

How are local authorities supporting this innovative project?

RIM Pharma has also been able to capture its growth from the generic pharmaceutical industry while being closely linked to innovation. Our aim is to offer a complete package towards cancer and several specific chronic diseases, for instance, we collaborate with leaders of the industry such as Fresenius Kabi to distribute their product in Morocco. We aim to embrace this innovation. Actually, for the first time ever, the Moroccan government is supporting the pharmaceutical industry through a grant as a part of the industrial plan aiming to dynamize and accelerate the industrial footprint of Morocco. This government grant has been a boost for RIM Pharma as it has enabled the creation of ecosystems. Furthermore, it has enabled RIM Pharma to finance its manufacturing plant but also its research and development.

We are looking at growth drivers while being state partners to bring first necessity products and medicine to market. RIM Pharma is the combination of a partner of the state and an innovative generic company.

Finally, what is your long-term vision for RIM Pharma?

The pharmaceutical industry has long cycles, Morocco is in a changing and challenging situation in terms of business model. Its industry was created in the 1960s, but the ongoing challenges need a strategic vision in order to render it sustainable. It is complex, yet diversification in growth factors is necessary, it is what we are aiming to do with RIM Pharma.

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