

Fayad Al Dandashi - CEO, Tamer HealthCare



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Dr Fayad Al Dandashi, CEO of Tamer HealthCare, a leading Saudi healthcare company, discusses how the group aims to benefit from Saudi Arabia's healthcare transformation through digitalization, changing their product-oriented business model to a holistic service-driven business model. After years of entrepreneurial and public sector experience, he explains the changes that Saudi Arabia's Vision 2030 is bringing to the country today.

Can you begin by introducing your decades-long career in both the private and public healthcare sectors?

I am a physician by education, having graduated from King Abdulaziz University in Jeddah, followed by two years in a residency program at the Department of Internal Medicine, King Abdulaziz University Hospital.

My plan was to continue my postgraduate education, but I soon realized that I wanted to become an entrepreneur. It was early 2002 when the science of stem cells was nascent. Why not bringing this science and technology to Saudi Arabia? I founded the first biotechnology company to offer a cord blood banking facility that didn't last for long. It is a classic trajectory, if your first venture doesn't fail, you are not an entrepreneur.

The next move was a diagnostics company in 2008, building a portfolio of 16 diagnostics laboratories in Saudi. During that period, startups were my passion. In early 2014, a major shift

occurred and I moved to the public sector to become a public servant. I first, as a platform director, led a human capital transformation program at the Ministry of Health, and later worked as an advisor for the Minister of Economy. In early 2016, I landed back at my final destination at the Ministry of Health as an Assistant Deputy Minister for healthcare investments.

The public sector experience was colossal; never before has there been a chance to be exposed to macroeconomic reform, social reform and industry-specific transformation in one role. This is unprecedented in the history of the nation, the country's ambitions led by the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince - the mastermind behind the Vision - acted as a magnet for local and global talent. This experience can't be taught in business schools, it happens by coincidence and with luck. It was an honour to serve the country during this once-in-a-lifetime opportunity. That experience was a unique amalgamation of an entrepreneurial bottom-up experience, and a top-down exposure to policy, legislation and macro industrial reforms; designing a revived healthcare system.

As we speak, I have embarked on a new adventure, leading the largest healthcare conglomerate in Saudi Arabia in the pharma and medical space as an executive.

What is the specific assignment that the Tamer Group has given to you?

To provide some context, the group is 99 years old; and was the seventh company to be registered in the country's history. Tamer carries a great history and legacy in the healthcare space. To quote one of the early founders, the company was formed to serve Saudi Arabia and to introduce medicines to the Arabian Peninsula, this is a purpose-driven company. You don't find this commonly in that part of the world. Tamer Group is not an ordinary company, but rather an organization that lives a purpose embedded in its DNA. It enjoys a great reputation in the market and has a longstanding relationship with multinational companies.

The most compelling proposition for me is how to preserve the legacy but yet help transform the company. The shareholders have ignited the first step towards sustainability by segregating ownership from management, setting up an overarching board to do the oversight role. The board acknowledge the necessity to adapt to a rapidly changing environment and business dynamics, the imminent revitalization of the business model and most importantly, seize the new opportunity in a sector undergoing massive reform locally and disruption globally. Although this is my first experience in the product-selling domain in the B2B space, an outside-in perspective helps to challenge the status quo of the company and the industry, capitalizing on two important assets

within the company; its human capital and market reputation. Additionally, there is deep market knowledge and understanding, this is a company that has seen it all through the years and overcome turbulent times. This cumulative experience has created a culture of ownership, locality and accountability.

While Tamer Healthcare intends to capitalize on the emerging life sciences trends in Saudi and beyond, is there a particular business model that the company is currently looking to implement?

We are going through a digital transformation to improve how we interact internally, with customers, and with other external stakeholders. The company is now looking at digital healthcare as a must-win space; it is instrumental to play a pivotal role in emerging segments like telemedicine, tele-radiology, and tele-pathology. We want to transform our business model from a product focused, transaction based relationship to a comprehensive, service offering business model. It is not a secret that all trading houses are facing the same challenge of commoditized business. Businesses have to evolve to product-as-a-service, products-as-platforms or even a marketplace.

Considering your prior experience in the public sector, what do you see as the dynamics driving the Saudi market from a patient perspective that the business needs to consider?

First, we must recognize that no country has yet cracked the code of a perfect healthcare system. Some, like the United States, have achieved great quality at a high cost, while others have lower healthcare spending per capita coupled with the system's limitation. In Saudi, the country's constitution stipulates that healthcare services are offered free of charge to Saudi citizens, which has subsequently led to a public sector dominant healthcare system with capacity and infrastructure exceeding 75 percent. Most of the funding flows from the Ministry of Finance. Saudi has around 75,000 hospital beds and almost 90,000 physicians; our population's bed per 1000 capita rate is 2.2, below both GCC and OECD averages.

The entire healthcare market is sized around USD 45 billion considering both public and private sectors. If we look at the pharma industry in particular, the market is around USD 9 billion which accounts for about a fifth of the total market, in line with global benchmarks.

Since 2015, the government has pursued an ambitious yet healthcare transformation to ensure the financial sustainability of the sector, underpinned by key pillars like governance, model of care, human capital, financial sustainability through purchasing program and private sector participation whereby the intention is to increase the private sector's percentage contribution from the current level of 25 percent to 35 percent. This is substantial and is translated into 40 percent growth over a relative period of time compared to what has been built historically. The most important pillar is a new governance structure that will decouple the regulatory, legislative role of the government from the service provision, with a parallel track to improve the current asset portfolio through corporatization with more autonomy. A good healthcare system requires a balance between access, costs, and quality. There is a global desire to increase access, contain costs and improve quality, a very delicate balance that the private sector can have a pivotal role in helping achieve.

Do private businesses like Tamer Healthcare have a seat at the table in discussions on some of the reforms and transformations you have mentioned?

Absolutely. This was especially noticeable in the past few years where the government represented by authorities like SFDA and MOH established -through a structured approach- a communication channel to share updated information, address both sides challenges and most importantly, overcome all obstacles and impediments. The relationship between the industry players and the regulators was enhanced during the pandemic with an open and transparent conversation to resolve all issues. We felt there a true partnership spirit, a key enabler that bolsters our efforts to manage the crisis despite the fact that the country is still dependent on imported pharmaceuticals and medical products.

What are the health population issues that Tamer Healthcare is attempting to help solve, and how has the pandemic affected operations?

Tamer is a company that was built to serve the country and the patients; we are a purpose-driven organization. The entire company showed commitment during the pandemic, we want the nation to triumph. We had a goal to ensure the uninterrupted supply of pharmaceutical and medical products. We realized there will no winners and losers, either the country wins, we will all lose. The pandemic has reinforced our teamwork, sense of belonging and most importantly, stress tests our resilience.

In the pharma sector, around 55 percent of medications are for chronic conditions to treat lifestyle diseases such as hypertension, diabetes, or chronic heart failure; the remaining 45 percent is for acute conditions mainly at the hospital level. In Saudi, we ensure product availability and variety, we bridge the gap with developed markets to make products available. We cover essential and life-threatening products and have an obligation to society.

As an important player in pharma distribution, how will the expanded role of NUPCO as a centralized procurement agency impact the company?

NUPCO is a great government initiative. From the perspective of the government, the goal is to consolidate procurement, optimize healthcare expenditure wherever possible; every country in the world has a similar, understandable objective. That is the role of NUPCO as a centralized procurement body, being able to secure large deals with distributors. Although it will probably negatively impact pricing, it introduces efficiency into the system. Dealing with one customer increases efficiency and enhances the entire value chain. Additionally, planning becomes more predictable, there are fewer ad hoc requests and, from a macro perspective, NUPCO will have better visibility in the sector as they will oversee 80 percent of the market. As distributors, we are delighted with our relationship with NUPCO, we have channelled communication, and we clearly understand the direction.

How important is the digitalization of patient registers and digital adoption at large in thinking about the future of healthcare?

First, Saudi has a young population with 70 percent below the age of 30. Mobile penetration is one of the highest in the world with over 80 percent of the population having a smartphone. This means that we have the right infrastructure for a digitally enabled landscape, this is in a context of government excelling e-services.

Regarding patient registers, there is a remarkable initiative to unify Electronic Medical Records, a substantial project that was part of the National Transformation Program (NTP). Many other digital initiatives are in place in the sector and, as the private sector, we must ensure adaptability and compatibility.

As a Saudi national and executive, how important has the inclusion of local content, especially women's entry into the labor force, been?

This is one of the major social reforms on the government's agenda and a major accomplishment. Female participation in the labour force was 15 percent in 2015 and it has doubled in five years. More women are entering the labor force and being employed. Recent unemployment figures shows an improvement, unemployment declined by 1 percent Y-O-Y basis. From a corporate point of view, we have clear milestones for the diversity and inclusion of our organization and are moving quite aggressively on this front. Tamer wants to not only provide more jobs to women but also allow them to move up the organizational ladder.

How do you see the Saudi healthcare system evolving in the near term and what role does Tamer Healthcare want to play?

Saudi's healthcare system is far from assuming its final form. The challenge is big because the country will continue to experience both a disruption of the industry at a global level and a transformation of the system at a local level. Saudi is moving towards a value-based healthcare system that is outcome-driven. That requires ample resources, most critical of which is human capital in the form of new skill-sets, and re-skilling.

We believe the relationship with the government is evolving towards more partnerships vis-a-vis a transaction-based relationship. Win-win versus win-lose or a lose-win, and it will have to be based on mutual trust. The six pillars of healthcare transformation; Governance, model of care, financing, corporatization, human capital, Private Sector Participation and E-health constitute the framework of collaboration.

The size of the opportunities in the Saudi market is enormous. We see opportunities every day for both local and multinational players; the government is welcoming MNCs as well, the size of the pie is substantial.

At Tamer, our healthcare function is our utmost priority, it represents more than 80 percent of the total group revenue. Our plan is ambitious and optimistic; we put our faith in the country and will continue to do so.

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