

# Ercin Kugu - General Manager Turkey & Israel, CSL

## Behring

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18.10.2021

Tags: [Turkey](#), [CSL Behring](#), [Plasma](#), [Strategy](#), [Rare Diseases](#)

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*Ercin Kugu, CSL Behring's general manager for Turkey and Israel, highlights the rare disease company's footprint in Turkey, explains the different regulatory framework in the country for plasma products, and provides insights on the process of establishing Big Pharma affiliates in Turkey from zero after doing so for both Shire and CSL Behring.*

CSL Behring is one of the global biotechnology leaders in rare diseases. Based in Pennsylvania, US, the company's backstory has the necessary credentials expected of a modern biopharmaceutical innovator.

CSL Behring was created after CSL (Commonwealth Serum Laboratories) Limited, its Australia-based parent company, acquired Aventis Behring and its associated Behringwerke, a German company created in 1904. Behringwerke was founded by Emil von Behring, winner of the first Nobel Prize in Medicine for its contribution to the invention of serum therapy. Today, the company operates CSL Plasma, one of the world's largest plasma collection networks with over 300 centers in the United States, Europe and China.

CSL Behring's long-term commitment to enter new markets has enabled them to reap the benefits of an expanded footprint, including double-digit growth from local investments in the developing countries, particularly Turkey, Russia and Latin America, [according to the 2020 annual report](#).

In one of those countries, Turkey, CSL Behring established a direct presence in 2014, becoming the first global plasma company to do so, with the help of a seasoned Turkish executive.

The executive, Ercin Kugu, is the company's current general manager for Turkey and Israel, but opening CSL's affiliate six years ago was not his first time doing so for a Big Pharma company; he had done it before for Shire in 2010.

Kugu is a physician by training (Hacettepe University) who practiced medicine for seven years. After attending a PhD program on medical biology and genetics for four years (Gazi University), he left the profession behind to begin a new career in the pharma industry.

"I chose the pharma industry because it is focused on human health which would give me a chance to use my medical training to continue helping patients," he told PharmaBoardroom.

Ercin's journey began as a med rep with Schering-Plough (now part of MSD), where he was later promoted for a business director position, working as business unit head for a decade. After [Schering-Plough merged with MSD](#) in 2009, he opted to leave the organization, taking on the challenge of establishing Shire's affiliate in Turkey.

Four and a half years later, in 2014, two weeks before the announcement of the Shire-AbbVie merger, a USD 51.7 billion merger that [was called off](#) after the U.S. Treasury Department rolled out new rules to crack down on controversial so-called tax inversions, Kugu took the call from CSL Behring.

He was tasked with building CSL Behring's affiliate from scratch, even working from home for a time in a classic startup manner. After transferring the licenses from CSL's Turkish distributor, the company hired the rest of the team, including sales, legal, marketing, medical affairs, finance and logistics. Today, Ercin Kugu manages 31 people and one of the widest portfolios of plasma-derived products in Turkey.

*See below for the full transcription of PharmaBoardroom's recent conversation with Ercin Kugu.*

**As Turkey's general manager for CSL Behring, a global leader in the highly competitive field of plasma-derived and recombinant therapeutic products, how do you assess the structural importance of plasma-derived products for the Turkish healthcare system?**

The [Turkish] government perceives plasma products as a strategically important product group and have developed a separate regulation and framework for them. The Ministry of Health (MoH)

defines this category of products not as plasma but rather “blood products”, giving them a special regulation for pricing and registration in order to prioritize them and make them available to Turkish patients.

From an industry perspective, the plasma products landscape is quite complicated. On one hand we have global companies with a direct presence like Takeda and CSL Behring, which was the first one to establish an affiliate in Turkey, and on the other we have the rest of the international companies which operate through local distributors.

Having this dual approach has its ups and downs, it creates a competitive landscape where some organizations might end up playing by different practices.

**When discussing plasma-derived products, one issue that frequently comes up is the challenge of plasma collection, something that is currently happening in just a few countries that supply most of the world. Since CSL Behring operates one of the world’s largest plasma collection networks, is there a possibility to include Turkey in that network?**

For the time being, there are no plasma collection centres in Turkey serving international companies. But since the government sees that group of products as a strategic priority, they are supporting a project to localize plasma production. The project began about three years ago as a joint venture between a local company and an international plasma player. The status of the project is unknown to us since clear information has not been provided. CSL Behring is not involved in the project.

**Earlier you mentioned that “blood products”, as the Turkish authorities call them, have a different regulatory framework than other pharmaceutical products. Does that mean that CSL Behring and the rest of the competitors in the field are enjoying a lesser impact from the challenges posed by the country’s current pricing system?**

Not really because the regulation I referred to does not cover all plasma products. A significant part of our portfolio is still impacted by the current pricing system with fixed euro exchange rates. For example, if you are selling Factor VIII Coagulation products – which are used to manage acute bleeding or to prevent excessive bleeding as a treatment for patients with haemophilia A or von Willebrand disease – you are subject to the fixed euro rate price.

Another element impacting some of our key products like our intravenous immunoglobulin (IVIG) is the need to convert any non-EU reference price to euros using the cross-exchange rate from 2009. For example, we have the Swiss Franc (CHF) as a reference price for one product but in 2009 the CHF against the euro was 38 percent lower, meaning that we are losing more than a third of the price when converting the currencies.

**During a recent conversation with PharmaBoardroom, Hassan Herrou, CSL Behring's general manager for the Middle East and Africa, explained that there are significant gaps in the diagnosis and care of patients with rare diseases in his region. Is that the case in Turkey?**

Diagnosis is a highly important topic. Fortunately for the local population, Turkey has developed a strong healthcare infrastructure after sizable investments in the last two decades. However, the diagnosis situation depends on the disease. For example, there is a relatively high rate of diagnosis for haemophilia but a low rate for hereditary angioedema (HAE) and von Willebrand disease (VWD). In some areas of the country, there is underdiagnosis in terms of percentage of the theoretical patient population.

Closing the gaps is related to the clinical manifestation of the disease and the awareness by physicians. Our role is to raise awareness, working with the government, institutions and healthcare practitioners.

**What approach is CSL Behring taking in order to find a solution for the pricing and diagnosis challenges you have mentioned?**

We are interacting with the government at the ministerial level, sharing our position on the issues we are facing and looking to improve the pricing situation. It is important to add that after the COVID-19 pandemic started, plasma collection, especially in the US and the Western world, became more difficult to collect. The supply of plasma started to decrease, making costs increase, which has a big impact in a country with a lower price than the global average.

Another risk factor is the devaluation of the Turkish Lira because payment schemes for medications are usually long-term and not adjusted to inflation. We are trying to make reliable predictions by managing operational costs and our prices.

Aiming to find solutions, we are working with the industry association because pricing is an issue that affects the whole ecosystem. The government is trying to manage the increasing healthcare budget which can be expected since the social security system covers almost the entire population

Regarding rare disease awareness and diagnosis, CSL Behring is working with associations and organizations.

**Regarding the issue around the global supply of plasma and rising costs since the beginning of the pandemic, how has that industry dynamic impacted Turkey?**

While the impact has been global, we felt it locally in terms of product supply for some products. However, during the pandemic we did not have significant issues with the logistics and supply of key product to the Turkish market; that was also the case with most of the countries where CSL Behring operates.

Our logistics team did a great job, ensuring that products reached the right places on time. The Turkish government managed the situation successfully, as well, helping the industry in the process, allowing medicines to be prioritized at the borders.

However, the current global supply challenges are still present, and we need to collaborate with the government to avoid any stock situations that can affect patients.

**It is not often that we speak with an executive that has the experience of building two successful Big Pharma affiliates from scratch, especially in a challenging market and being a medical doctor. Having that unusual experience, can you walk us through your journey of creating two affiliates from zero?**

I was the first employee for both Shire and CSL Behring's Turkish affiliates, but I was helped by the fact that I had some startup experience with Schering-Plough, where I was employee number 13<sup>th</sup> and started a couple of business units.

The first step is to officially create the legal entity, which is done before anybody is hired. I remember my first days with CSL Behring because I did not have an office and had to work from home. Soon after we rented a temporary office and begun recruiting people to cover all necessary functions such as sales, marketing and regulatory; today we have a team of 31 talented employees very much dedicated and motivated.

The benefits of having a direct presence were felt almost immediately; after we took over the portfolio from the distributor, we saw the revenue multiply by three. Of course, we had to overcome many challenges such as license transfers, importation permits, etc.

When you start an affiliate for a company named CSL Behring, there is the added challenge of low name recognition by physicians and stakeholders; they do not know how it is pronounced, the origin or portfolio. It took us a couple of years to make the name well known.

We are proud of what we have achieved so far in Turkey, with our portfolio, with our team and as a representative of a global company. Our objective is to continue doing our best to improve the lives of patients.

**What do you consider to be the breaking point, the moment when you reach a milestone that renders the endeavour successful?**

There are many milestones that can fill you with a sense of pride. It can be the first employee after you, obtaining your first registration, having your first product sold or the first patient receiving one of your treatments. When you start an organization from zero, everything is a first, so you really do not know how many things to celebrate.

I could not name one particular achievement that decisively makes an affiliate successful, but the next big milestone for CSL Behring Turkey will be the launch of the first product done entirely by us in the next couple of weeks, from registration to reimbursement approval; all of our current products were launches by the previous distributor. The first patient will be receiving our treatment soon and I cannot overstate how happy we are.

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