

Ismail Shehada - CEO Pharma Sector, Saudi Chemical Company Holding



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Recently appointed CEO of Saudi Chemical Company Holding's Pharma Sector, Ismail Shehada is today drawing on 20+ years of Big Pharma experience to drive SCCH's growing life sciences footprint in alignment with the Kingdom of Saudi Arabia's Vision 2030 healthcare transformation. Shehada explains how SCCH is moving into third-party logistics and the manufacturing of biotech products and why this heralds "a new era" for healthcare service provision in the country.

What has been your career trajectory up to this point and what was the motivation to join a local Saudi firm like Saudi Chemical Company Holding (SCCH)?

I have worked in the pharmaceutical industry ever since graduating from university in 1999, initially as a medical rep with Glaxo Wellcome (later to become GlaxoSmithKline "GSK"). Having held several different positions over my 18 years with GSK, eventually becoming Saudi Arabia country manager in 2016, I then moved to become GM of AstraZeneca Saudi Arabia. I was in this position for two years before becoming area head for the GCC countries and Pakistan, based in Dubai.

In 2020, after almost 23 years with pharma multinationals (MNCs), I made the exciting and challenging move to join a local firm- Saudi Chemical Company Holding (SCCH) - as CEO of its pharma business.

It was a very challenging decision to make! However, I studied the opportunity in depth and felt it was the right time to make the move and play a bigger role in KSA's healthcare transformation. The Vision 2030 that HRH Crown Prince Mohammed bin Salman has brought forward for the Kingdom of Saudi Arabia includes a significant move towards localisation in healthcare. I have long been heavily involved with the pharma association here in Saudi Arabia, connecting with different stakeholders in the government, and this localisation agenda has been a clear intention for several years now.

This was a good time to move from an MNC to a local company and be part of this transformation. The SCCH and its pharma business are moving with the transformation, aligning with Vision 2030 to achieve broader goals for patients, the industry, and the country as a whole.

The role of CEO is significantly different to that of a pharma multinational country manager. What skills have you had to develop in the past year and what experiences from your previous career are you leveraging with your teams today?

After 23 years in different positions within MNCs, I have a good foundation in terms of transferable skills to share with my colleagues today. In MNCs there is a big focus on marketing, commercialisation, strategy setting, and improving the market access scenario for different therapeutic areas (TAs).

The big add in my new role on both a personal and professional level is that, with SCCH's manufacturing arm, the team and I are responsible for *selecting the molecules* that will be manufactured. Unlike working as a country head for an MNC, I am now helping set the pipeline for the future and discussing the products to be launched in Saudi Arabia in the 2024-2030 period.

Additionally, this is my first time working with a company that is publicly listed locally. As well as the internal and external governance processes with the authorities, there is also a governance process for the stock market. This is also creating new learnings.

Finally, SCCH does not only work with pharma, but also with different sectors; aiming to contribute to the development of a non-oil economy in the Kingdom of Saudi Arabia. Therefore, the various management committees and meetings have exposed me to a different industry, the challenges they are facing, and what we can learn from each other.

What is the SCCH's footprint in the life sciences and at what stage of development are its different arms currently in?

Within SCCH, the pharma sector consists of three companies. The first is Saudi International Trading Company (SITCO Pharma), one of the biggest distributor for multinational companies' pharma products in the Kingdom with a market share of 11.3 percent. Over 30 international and multinationals companies work with us being their distributor in Saudi.

The second is AJA Pharmaceutical Industries (AJA Pharma), our manufacturing arm, which manufactures both SCCH's proprietary products as well as those of multinationals as a contract manufacturing organisation (CMO). Currently, we have 15 such deals in place with MNCs on manufacturing. The AJA Pharma site is state-of-the-art in terms of both design and machinery and - building on our footprint in solid form, semi-solid form, and liquid form manufacturing; and we are now moving into the manufacturing of injectables with a new sterile suite. Having injectable manufacturing capability will be a gateway into the manufacturing of biosimilars, vaccines, hormonal drugs, and advanced oncology drugs, and will give us a further competitive advantage over other local manufacturers

The third company, Chemical Company for Commercial Investment Ltd. (CCCI), is the smallest of the three and is predominantly a distributor for baby nutrition and some disposable medical equipment.

SCCH has also signed several Memorandum of Understandings (MoUs) through its pharma sector's subsidiaries with international firms for third-party logistics (3PL) services and the manufacturing of biotech products. This signals a new era for healthcare service provision in the Kingdom of Saudi Arabia.

Local Saudi companies often choose to focus on the distribution of pharmaceutical and medical products. Why is this such a relevant market segment and what was the rationale behind increasing SCCH's footprint in distribution via 3PL services?

The distribution business has been present in Saudi Arabia for many years, initially as a simple warehousing and transport service for multinational companies' products. However, with the development of the industry in recent years, this traditional model is no longer sufficient; for example, there needs to be upgrades to cold chain distribution capabilities - something especially relevant for mRNA COVID-19 vaccines - and digitalisation needs to be integrated into all processes.

Additionally, the Saudi FDA is focusing on ensuring supply security of certain medicines, with six months' worth of minimum stocks, and this requires a stronger logistics infrastructure to meet the needs of the Kingdom's healthcare sector.

Moving into the manufacturing of more complex products necessitates high levels of expenditure. With this in mind, how have you defined the strategy for AJA Pharma and its split between third-party and proprietary manufacturing?

We believe in the importance of both manufacturing for MNCs and for ourselves. Getting approval and certification to manufacture products for MNCs is a very lengthy process, something I know well from my previous career! These deals – of which we have struck several with the likes of GSK, Abbott, Servier, Lundbeck, and Novartis – help ensure that our standards are globally competitive.

From the other side, we need to keep an eye on the capacity of our sites and the investment in the future to maintain balance and produce growth. If our site capacity is 100 percent filled by the production of MNC products, we will not be able to manufacture our own products. Taking know-how from manufacturing MNC products can be used to the benefit of our own products; indeed, in some of our deals with MNCs we have agreed a technology transfer to AJA, which has benefits both for us as a company and the Kingdom of Saudi Arabia as a whole.

Another key strategic decision that impacts our manufacturing was choosing whether to be a local company or to have a global footprint. After careful evaluation we decided to pursue a global footprint, but to do so we needed to manufacture our own products for which we owned the market authorisation. Our aim is not to have a broad portfolio of generic products across a wide range of TAs, but instead to be very selective in choosing our pipeline.

AJA's product selection does not rely on internal assessment alone, but also external engagement. Today, we are interacting heavily with various local authorities – from the Saudi Food and Drug Authority to the National Unified Procurement Company (NUPCO), the Local Content & Government Procurement Authority, the Ministry of Investment of Saudi Arabia (MISA), and the Industrial Clusters – to better understand the needs of the Kingdom now and in the future and how we can contribute.

The localisation of certain therapy areas, such as diabetes, is one of the goals of Vision 2030. SCCH recently announced an MoU with Lilly to manufacture insulin; a field in which there are limited global players. There are even fewer potential partners in Saudi Arabia that have both the financial

and human capital capabilities as well as the transparency and governance processes to be an attractive insulin manufacturing partner for an MNC.

Given MNCs' increasing excitement about the opportunities in the Saudi market, how sustainable is the business model of intermediary service provider?

Saudi Arabia has always been a very important part of, and significant contributor to, pharma companies' MEA operations in terms of regulation, volume, and pricing process. Saudi Arabia has moved incredibly quickly to improve its healthcare sector and the Saudi FDA is now the gold standard regulator for the region in terms of registration processes, pricing, governance, and pharmacovigilance. NUPCO, the Saudi procurement body, is another reference for the region, as are the Ministry of Health (MoH)'s digitalisation programs. 15 years ago, we could not have imagined such rapid progress.

With these improvements, local companies need to uplift their capabilities and meet the new standards being set. Our aim is therefore not just to be another player in the market, but a differentiated player and a real partner for MNCs. Going global through establishing manufacturing sites in different countries or exporting our products will give MNCs confidence that they are not dealing only with a local supplier, but with a peer. It is a win-win situation; the MNC will transfer the technological know-how, while quality local players will transfer the know-how of how to work well in Saudi Arabia, save time, save money, and accelerate market access.

One of their axes of Vision 2030 is talent. For MNCs, this means the 'Saudization' of their workforces, but what have its impacts been for local firms like SCCH?

I like the fact that Vision 2030 does not only focus on the localisation of products, but on the country's human capital itself and the transfer of know-how from around the world to local people. When the decision was made that all medical reps in the pharma industry in KSA be locals, there was a debate within the industry as to whether we had sufficient resources and capabilities to make this leap. It is a big responsibility for the entire industry, but as a local player the responsibility to uplift the capabilities of the entire nation in line with Vision 2030 are even bigger.

We have had various training programs in place for several years and are currently in discussions with universities to establish partnerships whereby students join SCCH on internship programs, giving them exposure to market access, regulatory affairs, and marketing etc. Previously, there

was insufficient awareness among students about the pharmaceutical industry, so we hope to counter this and create more future employees – not only for our companies, but for the industry as a whole.

Is the percentage of female employees something that SCCH is tracking?

Diversity is very important for us and a key focus area. The percentage of female employees on our staff is increasing year on year and there are now a good number of highly capable freshly graduated Saudi women joining the workforce every year. I am proud to see so many young women joining our industry and taking part in the country's transformation. As part of an internship program with King Saud University, we will have 14 women trained with us and we hope that upon graduation they will join us as employees in the future.

What message would you like to share with your international peers?

Saudi Arabia's pharmaceutical industry today is very attractive to MNCs looking to make investments and technology transfers. This relates not only to the Saudi market, as Vision 2030 will position KSA as a hub for the region and beyond in a whole host of areas.

For local investors, there are still huge opportunities and fields in the industry today. There needs to be a focus on continual investment in this sector to ensure that medicine supply is secured as called for by HRH Prince Mohammed bin Salman.

Lastly, it must be noted that the Saudi pharma industry is advancing rapidly in terms of process, digitalisation, infrastructure, investor incentives, and trust. There are strong support networks for investors here today. Saudi Arabia will become the pharma industry's MEA hub by 2030 and therefore companies should act quickly and start investing here, where the best future is.

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