Interview: Andrzej Schonert â?? CEO, Synoptis Industrial, Poland

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15.03.2018

Tags:

Poland, Synoptis Industrial, Pharma, OTC, Strategy, CMO, Manufacturing

Andrzej Schonert, CEO of Synoptis Industrial, discusses the intricacies of the Polish market and the requirement to move into niche areas, mainly in Rx, to concentrate their pharmaceutical offering to pharmacists, and in the future, hospitals. Furthermore, he highlights the companyâ??s CMO activities and services to assist foreign players to enter Poland and the wider European market.

What have been the major milestones for the company over the last two years?

The biggest achievement, and strategy shift, has been to rebuild the Synoptis Pharma portfolio to be more Rx driven, rather than focus on supplements and OTC. This fits into the legal framework set up in Poland as of June 1st 2016, which states that pharmacist is not required to offer the cheapest product to the patient, and can offer any product in their portfolio. Therefore, at the pharmacy level we are now focused on three niche areas; ophthalmology, urology and diabetology. Thus far the plan is working, and we have entered into the top-50 companies according to IQVIA data.

The next leg in our plan is to expand further into the hospital market. Across Europe, trends indicate that this sector is growing, and Poland still is one of the lowest percentage hospital markets; therefore, there is a lot of room for growth improvement in the future.

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The reasons for the potential for the hospital market is three-fold. Firstly, there are growing number of biologics, medical devices and niche areas, such as orphan drugs. Secondly, the hospital market is great way for the government to control spending, so they are promoting its expansion. Thirdly, we notice that tenders are being done more centrally at a national level, so there is more consistency in the process.

What is the companyâ??s strategy when entering the hospital sector?

We are not only focused on drugs, but see potential in other areas, such as medical devices, though we are still in the business modelling stage. Overall, we will have a niche approach as this is a way of concentrating our resources.

The OTC sector in Poland is growing. Therefore, what was the reasoning at Synoptis Pharma to decrease the footprint in this area?

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Prominent players within the OTC sector invest huge amounts of funds, and we believe our resources can be used more efficiently in other areas. We are looking more closely at expanding our supplement and medical device offering, as they offer value, volume and competitive pricing, while the government is looking to control drug consumption in the OTC.

Within the supplement and medical device sector research shows that the recommendation of pharmacists is a key determining factor. Therefore, we have a number of programs working on this interaction. Firstly, our partner-plus initiative, a virtual chain that has around 1100 pharmacies involved. We also have our own regional program that encompass 3200 pharmacists and a campaign called Synoptisplus â?? a card system that allows pharmacists to register points based on sold Synoptis products, and this entails 8000 pharmacists and around 1200 pharmacies. Additionally, we have roughly 70 healthcare centres throughout Poland to help strengthen our pharmacy impact.

Is biosimilars an area you may consider as you move into the hospital segment?

Within Poland we have witnessed a rise in local companies that are centred in biosimilar innovation, such as Mabion and Celon Pharma. Long term moving into this biologic niche is a possibility, but the initial large investment into adapting our facilities for such products must be considered.

Synoptis Pharma before was focused on expansion into the CEE. How has this international approach evolved?

We have chosen to focus internally at the Polish market, and we have a portfolio of around 460 SKUâ??s. We are always looking for acquisitions to grow our portfolio, especially within the niche of galenic products.

Nevertheless, within the Neuca Group we are supporting interesting start-ups with great international potential in the field of medical devices and telemedicine. In addition, we have a CRO that handles all areas of clinical research, even logistics and patient recruitment, and within this area the Polish government is doing a good job in establishing Poland as a clinical research hub.

The other arm of the business Synoptis Industrial. How is this sector evolving for the company?

The direction is still the same: contract manufacturing and services for producers, and we have three contracts with large companies outside the EU. These services are repackaging, relabelling and GMP research, though overall, we act as the partner that opens the doors to the EU.

Any product we work with can then be sold in the EU, and we assist with registration, logistics and distribution. We are a one stop shop for non-EU countries to enter wider Europe. For example, if a company is trying to enter the European hospital sector, we will assist with registration, launch and distribution across the EU, direct to hospitals.

What potential do you see for Synoptis Industrial to ramp up itsâ?? capabilities?

In fact, we are looking to move in the opposite direction, to more manual packaging as this will save money for companies through a parallel trade model. For example, with the typical system companies are required to to pay VAT during the process, and equally tax once the product arrives at the destination.

With manual packaging, companies do not pay VAT during the production phase, and the VAT will only apply if that particular drug is not registered at the destination market. Therefore, in the end companies save money, and we offer a fast, flexible and relatively cost-efficient solutions while covering the legal processes.

Polish manufacturing is famous for high quality at a low cost, though as the economy grows, wages are sure to increase, and this cost-efficient model may become a thing of the past. How do you remain competitive in the future, compared to nations such as China and India?

A large percentage of the production cost is materials, and although Poland is not the cheapest, a huge focus of ours is to ensure high-quality. Our staff and practises have been shaped over the years though education from large multinationals operating in Poland. As the world of pharma move towards orphan drugs and biosimilars, the quality aspect will only become more important, and companies will look to more than just cost-efficiency.

How does Synoptis Industrial position itself as the partner of choice?

Mainly, we are cooperating with other companies that go through the Polish market using our distribution chain, and as part of the negotiations, we offer our CMO services; although, to accelerate growth a sufficient sales team must be developed to penetrate world markets and assist enterprises wishing to use Synoptis Industrial to enter European markets.

Where will we find both arms of Synoptis in the next four years?

Synoptis Pharma will look to empower pharmacists further, as their recommendations are key to indirectly talking with consumers. This interaction will include education, as OTC and supplements are being more strictly regulated at a legislative level, and educational campaigns are a way of building brand awareness.

For Synoptis Industrial, the future is less clear as competition increases and potential policies are put in place that restricts parallel imports. We want to continue offering CMO possibilities and services to our partners, though we will need to advance this model moving ahead.

Looking back on your time, what is the achievement that make you proudest?

Without any pharmacy or retail chain, after a few years we have achieved top-50 pharmaceutical company status on the Polish market, and the success of this disruptive and innovative approach is definitely something to be proud of!

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