

Interview: Malgorzata Adamkiewicz, CEO, ADAMED Group, Poland

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What key events over the past 10 years have led to the Adamed Group becoming one of the leaders in the Polish pharmaceutical-biotechnological market?

The Adamed Group has been consolidating its position in the Polish pharmaceuticals sector for many years by, among other things, expanding R&D, developing innovative projects, and diversifying its product portfolio towards OTC products. Apart from that, our development strategy is focused on further domestic and international expansion through the acquisition of companies that have good future prospects, among other things. In 2010 Adamed acquired Polfa Pabianice and Agropharm, which led to the formation of the Adamed Group that same year. That is the result of a consistently implemented strategy concentrating on expanding our business, including acquisitions.

Today, the Adamed Group comprises: Adamed, Adamed Pharma, Polfa Pabianice and Adamed Consumer Healthcare (a company formed after the acquisition of Agropharm). The coming years will see an improvement in operations, including the transformation of Polfa Pabianice into a modern production-logistical center of the Adamed Group, the introduction of new solutions to improve the quality and efficiency of daily work, consolidation of the entire business, and further product portfolio development.

Production powerhouses have traditionally dominated the Polish market, with Polpharma being the best example of this. How does the Adamed Group intend to face up to the competition?

The history of the Adamed Group is decidedly different from that of Polpharma. Our company was formed from scratch and has grown, thanks to the development of its intellectual base and its own patents, resulting in the spread of many modern therapies. For over 27 years we have been establishing a competitive edge based on an expansion of innovation. This is a particularly important area for the Adamed Group, because over a dozen years ago the original concepts of our own team of scientists helped break the monopoly of foreign corporations and made modern therapy available to millions of Polish patients. Thanks to all this, modern products developed in Poland on the basis of

our own concepts and Polish scientific thinking represents the Adamed Group's competitive edge.

The Adamed Group has received many distinctions for its work in the field of innovation. How does it intend to maintain its position as an innovation leader? What investments is it planning in this area?

Innovation is a key element of our business for the development of which we have allocated over USD 63 million over the past few years. Without innovation, there is no future for pharmaceutical companies.

Innovation was fully embodied at Adamed in 1999, the year when we initiated our first innovative program on metabolic diseases to treat diabetes. In 2005, Adamed was the first Polish pharmaceutical company to set up a scientific consortium between industry and academia in Poland; this was a groundbreaking event.

Our company's first success actually happened in 1998, when we introduced the first Polish amlodipine—our own cardiology synthesized patented product, used in treating hypertension and ischemic heart disease.

Currently, our team of scientists is synthesizing hundreds and thousands of compounds that could lead to next generation breakthrough drugs for cancer and diseases of the central nervous system. Over the last couple of years we have applied for 17 patents, protecting hundreds of innovative biotechnological and chemical particles. Many projects are in the pipeline—all of them realized according to our own patents—using technology created by our scientists, and in cooperation with Polish educational establishments. All these activities are intended to continue the mission that the Adamed Group has fulfilled since it was founded and which concentrates on responding to the key challenges of modern medicine.

Clearly, Adamed has taken an ambitious approach and is willing to carry on the innovative mind-set. What exactly is the right innovative approach for Adamed?

At Adamed, we picture ourselves as a discovery team. We create our own Intellectual Property (IP) and we see ourselves as an incubator of innovative ideas. Although Adamed is expanding fast and nowadays it is one of the biggest players in Poland, we are still lacking the global expertise and experience of the MNCs. Our goal, therefore, is to prepare and secure our IP and investigational new drug (IND) program to give us the possibility to start the first phase of clinical trials. The main barrier in pursuing clinical trials is the extraordinary high adjacent cost.

However, if Adamed were able to out-license some molecules before clinical trials, this would certainly be beneficial. We are also willing to set up collaborative research programs with large partners to learn about new R&D and clinical trial development for new innovative drugs. The final goal is to bring a new innovative drug to the market; and we shall see which alternatives will lead us to this goal.

Besides your B2B partnerships, what successes have emerged from Adamed's cooperation with leading universities and research establishments?

Thanks to broad cooperation with the academic community, five of our employees have already received Ph.D. degrees and another four are working on it. Some of our employees have also had practical experience in renowned institutes and research establishments abroad, and since returning to Poland have continued to work in our company, fulfilling their professional dreams. That in turn has a positive effect on the work of the R&D team. For example, it is in the Adamed Group's

laboratories that Polish amlodipine was developed, helping to protect millions of Poles against the most serious complications of arterial hypertension. Before 1998 about 75,000 patients were treated with this, and today the figure stands at 1.3 million. Together with the Pharmaceutical Institute in Poland we have developed a new technology of olanzapine synthesis, and with the Technical University of Warsaw we have developed a drug for asthma: formoterol, as an inhaler. The Adamed Group is currently working with 17 educational establishments, including the University of Warsaw, Jagiellonian University, Medical University of Gdańsk, and various other scientific research establishments.

How do you feel about Poland's brain drain?

It is true that until recently Poland was beset with the problem of emigration, due to which many highly-qualified and educated employees went abroad in search of employment and a better life. However, a slow-down or even reversal of this trend has been visible in recent years—our country's good situation following the crisis means that Poland has become attractive to investors, with the promise of good, lasting work for specialists. Returning experts, good grades from rating agencies and economic stability mean that more and more firms are allocating considerable funds to expanding their business, creating R&D divisions, hiring employees and creating scientific-industrial consortiums and think-tanks in our country. I believe that thanks to this, the business community supports advanced research projects, where academic staff have the possibility of developing scientific thinking, and Poland is slowly becoming attractive to investors, specialists and business partners.

What should be done to raise Poland's innovative footprint?

Many ideas that were developed at Polish universities or other academic institutions have been sold for very small amounts abroad, where companies have benefited greatly and made huge profits. Poland needs to understand that these innovative ideas must first benefit Polish economy and this collaboration between academia and industry is crucial for the country's innovation footprint. In this very competitive environment, patents give companies an edge; this is why we must maintain innovative breakthroughs in our industry. This will then allow us to compete more efficiently on an international basis.

What can we expect from Adamed in terms of international expansion, R&D and diversification for the next five years?

Almost 250 products in the Adamed Group portfolio are available today in over 40 world markets. In 2014 we intend to continue such intensive development by making our business more international, diversifying our portfolio towards OTC, launching new products, and developing innovative projects. We cannot rule out further acquisitions in the future. We are currently implementing many demanding projects and ventures. In 2013 we commenced the construction of an R&D centre in our headquarters, near Warsaw, and opened our representative office in Kazakhstan—the next one after Ukraine, Spain and Russia.

Moreover, our long-term strategy includes consolidating our R&D capabilities. In the coming years, one of our main goals is to develop our own first in-house innovative drug. We are in fact currently in discussion with contract research organizations (CRO) and contract manufacturing organizations (CMO) to pursue chemistry, manufacturing and control (CMC) processes.

The value of Adamed and its success depends on its people, and only with them we can create value for the future. What distinguishes Adamed's employees are their ambitions and passion; at Adamed, we believe anything is possible.

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