

Markus Sieger – CEO, Polpharma



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Markus Sieger, CEO of Polpharma, outlines his global strategy for the company, focused on OTC and CHC, internationalization and a strong R&D strategy to push forward biosimilars. Furthermore, he highlights Polpharma's digital approach and the company's long-term vision for sustained success across the region.

2017 was your first full calendar year as the CEO of Polpharma. What were you able to achieve and how did this compare to your expectations?

2017 was a great year for Polpharma during which we were able to grow successfully the top line, with 55 percent of our business coming from Poland and the rest from our international business, especially through our Kazakhstan and Russian branches. Our international footprint is a differentiating factor from other local Polish players, as even before Polpharma was privatised in 2000, the company had strong external relations in the former Soviet Union countries. Now we are active in the region of CEE and Central Asia through Akrikhin in Russia, now a top 15 company in the market, and Santo, the second largest pharmaceutical player in Kazakhstan.

Within these three major markets – Poland, Russia and Kazakhstan – we have exceeded the market growth, built mainly on our strong growth in OTC and food supplements (CHC). These areas will continue to grow in importance. Despite the fact that smaller numbers of treatments are coming off patent, our generic Rx business is also growing in all core markets.

What is the strategy the company has embarked and what are you looking to achieve?

Last year we embarked on our long term strategic plan looking at commercial models for the next five-years, mainly based on growth from new product launches and increasing sales on the existing portfolio.

The company is driven by our three core markets but also by other countries, mostly in the CEE and CIS region, such as Hungary, Czech Republic, Uzbekistan, Ukraine and Vietnam. Additionally, we are strongly developing our business to business activity (b2b), structured around three key segments: API supply, as Polpharma has a state-of-the-art API manufacturing plant in Poland, contract manufacturing operations and the out-licencing of our products.

Our strong position on the market allows us to be pioneers in technological change, so we can not only adapt to external factors but also shape the direction of the development of pharma market. This comes under the themes of digitisation and it allows Polpharma to be agile and efficient meeting expectations of patients, other key stakeholders and wholesalers. We aim to be digital marketing leader in communication with commercial partners and be able to effectively reach our OTC and CHC clients.

Lastly, we truly believe the future is moving more towards a patient centric world. For example, we want to help patients to take drugs more compliantly, as over 30 percent of all drugs prescribed are not taken correctly; therefore, we are looking to create tools, such as apps or services, that find a solution to this issue, which in turn will result in reduced healthcare systems costs as patients will adhere to doctors recommendations therefore control better the disease.

How important is the company's international footprint?

Our international markets are growing rapidly; therefore, this segment is increasingly important, and we have plans to widen our regional reach in the upcoming future by defining more core markets. Roughly 2.5 years ago we implemented a plan to increase our b2b pipeline of products, and we will soon see the fruits of our efforts as we are very competitive in product development and our industrial operations.

What are the key advantages of Polpharma in the international landscape?

Firstly, we are a regional group and within each market we act in a very local manner. For example, our Russian business, Akrikhin, is one of the oldest companies in the country, and this allows us to maintain the well-recognised Russian brand and our expert Russian team. Additionally, we have manufacturing sites and R&D centres in our major markets. We are regional but act locally.

Secondly, we have a tailored portfolio in each market, and within our aforementioned top three Polpharma nations, our portfolio is different. We utilize potential synergies between the countries where it is possible but taking into account local experience of our teams we give them the possibility to develop their market approach.

Thirdly, Polpharma is a private company. I have experience in publicly listed organizations, and their aim is to make decisions for next quarter results. At Polpharma, we are always looking in a long-term perspective.

How has this long-term vision benefited Polpharma?

Seven-years ago, our owner, Jerzy Starak, invested heavily into biosimilars. It was a period of no acceptance for the biologic generics and no reimbursement in this area. He made the brave decision to create a biologic centre in Gdansk and hired top specialists from around Europe. Now, the Gdansk biotechnology site is a Polish R&D hub and houses a fully GMP-certified pilot production plant.

On top of that, in 2016 we acquired a Dutch company, Bioceros, that does cell lines development, the basis of any biologic drug. Furthermore, we are constructing a state-of-the-art biotechnology production plant just nearby Warsaw.

This means that we have a vertically integrated business model for biosimilars from cell line to the finished product, with the ability to globally commercialise the product ourselves or through partnerships.

We are also pursuing partnerships in developing biosimilar products and attracting third party development and contract manufacturing clients. This based on the long-term experience we have in development partnerships and contract manufacturing.

How crucial are these biologic generics for the long-term success of the company?

We see Biosimilars as the next generation of generics products. Biosimilars are crucial in the long-term to create the additional growth we seek and to construct a global footprint. We do witness synergies with our current operations, and in Kazakhstan through licencing agreement we were able to launch the first ever biosimilar on the market. In Poland, we are also looking to grow our biosimilar footprint, though the real objective of ours is to grow our US presence as this market has incredible potential.

Generics levels in many markets are incredibly high. On that note, where do you see the growth coming from in the future?

In the last three years we have refrained from acquiring large companies and have instead consolidated the organizations we purchased, while in the meantime allocating our cash flow

towards our R&D department, product and portfolio acquisitions and our large investment into the build-up of our biosimilar activities.

The overall growth opportunities are quite clear. We must push our OTC and CHC businesses and this will give us certain stability in terms of pricing. On the other side of the market in Rx, we must offer new products and construct bespoke portfolios for hospital and pharmacies within each market we are present. All these endeavours will be linked to be first on the market and being agile and digital as an organisation – we have a great platform with our dedicated and motivated employees here in Poland and internationally.

What is going to make the difference between success and failure for Polpharma in the future?

First and foremost, we must meet the needs of the patient and the overall healthcare system, and work together with the government to understand their requirements within the given environment. This is especially true in Poland, where Polpharma has a large footprint and also its social responsibility.

Secondly, we have to continuously evolve to stay ahead of the competition. Jerzy Starak, our owner, has a visionary, entrepreneurial mindset, and the entire team must have a drive to innovate so we can work aligned with all stakeholders and achieve our target to continue to be a strong regional pharmaceutical group.

Where do you want to take the company in the next 4 years?

We want to continue building the company, while continuing to be innovative and close to the market: Equally, we aim to expand further into other segments and international markets. Throughout this entire process, we must think in a smart and strategic manner, and always keep in mind our long-term vision.

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