

Michael Neoptolemou Managing Director, Remedica, Cyprus



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Michael Neoptolemou, managing director at Remedica, takes us through the evolution of one of the leading pharmaceutical companies in Cyprus and outlines their successful business model. Neoptolemou also highlights the key opportunities the recent acquisition by Ascendis Health in 2016 has brought to Remedica and how it will further enhance the organization's global presence.

Ascendis recently acquired Remedica, placing the Cypriot company on the global map. What are Remedica's fundamentals and what is its importance for the island's economy?

Indeed, Ascendis acquired our company in 2016 following Remedica executives' tactical vision to find a strategic partner and establish the company as a one-stop shop. The objective is to ensure doctors can have access to a full product range under a brand they trust, and Ascendis could help in this regard. Their offering completes our business lines well as shown by our antibiotics line filled with probiotic options, so our doctors can have everything they need within Remedica. Therefore, we are moving towards the vision we had established while retaining our independent operational control. This strategic approach also brings more brand awareness to the company and facilitating items are playing a big role in helping doctors and patients.

Remedica is a very strong player in the local market with around 660 employees working for the company. Including our local partners, our operations enable more than 5,000 families to live comfortably in Cyprus. Since my appointment as managing director, we have been growing continuously, recruiting talents, providing revenues for the government through taxation and growing

our CSR activities. Indeed, as one of the founding members of CSR Cyprus, we are currently involved in an important spectrum of blood bank donation, volunteering activities, financial participation to NGOs and vulnerable groups thanks to a robust CSR plan designed to support our community. As a strong leader in oncology, we are also supporting oncology and health centers. Economically, the vital role of Remedica can be seen through its leading position in the country holding around 50 percent of the Cyprus's pharmaceutical exports. While Cyprus remains as one of our important market, exports represents 97 percent of our revenues.

This is your first assignment in a pharmaceutical company. What do you bring to the table from your previous experiences in other industries?

Reflecting on my experience, it is important for a new entrant to recruit talented employees who possess the right competencies and strong focus that are crucial for a successful pharmaceutical business. Hence, recruitment policy and talent management are important to optimizing this resource. Additionally, the implementation of the right systems can lead to more efficient and timely operations if it is coupled with the right strategic decisions regarding product and market portfolio management. Remedica has adopted this triangle of success, allowing us to secure our daily operations as well as the company's future, the main driver of growth sustainability.

One of the burning topics in the Cypriot pharma sector at the moment is the implementation of GeSY, which will shift the way healthcare is delivered to patients. To what extent will this be a game changer for Remedica?

Remedica is a member of one of the representative institutions dealing with GeSY. Indeed, we belong to the association CyPhama that I preside over which represents the Cyprus pharmaceutical manufacturers. Through that body, we express our opinion and our views regarding GeSY and collaborate with the Minister of Health in this regard to ensure the interests of manufacturers are preserved. With other stakeholders, we are looking specifically at how the system can be improved for patients and, as we are dealing with improving patients' lives, we are focusing on ensuring the affordability of medicines.

Considering that all hospitals will be autonomous, Remedica is planning important changes in the market. We are waiting to see the new distribution system in place, as we assume the distribution will start directly from the manufacturers' warehouse, and how the public tenders will be organized. We are also interested in seeing the price fluctuation following the implementation as so far, the pricing model seems uncertain. As CyPhama, we have concerns that the reimbursement will be made by therapeutic areas and the reference product will be the less expensive of the offering. However, two products from the same category cannot necessarily be compared as there are important differences in manufacturing costs in between two medicines. There will be a serious downward push for the prices. It is not the final model approved but we are wary of its impact on the industry.

In this regard, the biggest misunderstanding many governments and stakeholders have is that pharmaceutical companies are making consequent profits which is ultimately not fair to patients and other players. However, they are not considering the fact that prices given in tenders cannot be the same as prices given on the private market for the main reason that the volumes sold between the private and the public sector are significantly different. Therefore, the price is always made following the economy of scale and it is not possible to compare the two sectors. Currently, this miscalculation is being used to establish GeSY which is why the association and Remedica are conveying the idea to the government that every single income stream has different specificities, pricing, backgrounds and reasoning and it cannot be considered in the same way in the upcoming national health system.

Today you are able to manufacture over 300 products which are marketed globally. How do you ensure such a global presence and how important are partnerships in that strategy?

We are present in 104 countries so far and we are looking at a better management of our market portfolio. Our strategy is based on the development of our existing markets by enriching and injecting more products into our main geographical areas following in-depth market analysis and on new market penetration. The market selection for these new areas will be mostly composed of markets with many entry barriers that can represent great success once we will be present there.

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On another hand, our key differentiator in the country is our unique and profitable business model based on three pillars. Our internationalization strategy is based on partnerships with local entrepreneurs. We have decided not to have a local presence but to entrust motivated entrepreneurs to make the best out of our offering and be responsible for the success of the products in their markets. The entire activity is supported by Remedica, which provides marketing, registration and distribution support. Our main task then is to ensure we are partnering with the appropriate agent by analyzing the competition in the country. This strategic vision has been working successfully thanks to our agents present in each country.

What should be driving the growth for the company in the future?

We have a clear strategy for Remedica in the next five years based on product and market portfolio management, human resources and systems. Our three-pillar strategy explained earlier has been partially implementing since I arrived at the company and we can already see the fruits of such vision. We are confident that it will deliver much more in the future. We are also a very flexible company which can produce for its customers in a very short time while guaranteeing the highest quality. Remedica can respond to customers' demands timely and swiftly whereas others cannot deliver and we are always there. As a company, we have been investing heavily in oncology and antiretroviral areas for the future. We have well-established brands there so we are expecting our global growth to be led by these areas amongst other categories.

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