

Interview: Orhan Mutlu Topal – Managing Director, Keymen Pharmaceuticals – Turkey



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Keymen's general manager discusses his firm's development efforts towards vaccine production, in conjunction with TUBITAK and Hacettepe University, and their geographic expansion into Africa, Latin America, and Southeast Asia.

Please introduce Keymen and explain the company in the broader context of the Turkish pharmaceutical market.

Keymen is a family company established in 1973. My father, my mother and I are active in the business. We are based in Ankara because we are one of the main suppliers of vaccines to the Turkish Ministry of Health (MOH). In 2007 we decided to expand into the private pharma market, and began to promote our medicines both to the doctors and pharmacies. Currently, we are supplying our vaccines to the Turkish MOH, and we introduced one of our vaccines to the private market, as the sole supplier. We also have a special group of medicines for hospital tenders, as well as food supplements, of which Octamar is our best-selling product which helped to establish the Keymen name across the country, thanks to television adverts.

In 2013, Keymen acquired another pharma company, Dentoral Medifarma, which gave us for the first time the chance to become a manufacturer. Currently we have a small manufacturing site for solids, semi-solids and non-sterile liquids. In 2013 we also started exporting our own products to Azerbaijan, and today we export there, as well as Georgia and Kosovo, with plans to register in Kyrgyzstan, Albania, and to find more export markets. We also offer CMO services to our clients.

Keymen has a very strong legacy in vaccines as an importer for 40 years. What is your competitive edge in the vaccine market, both for the MOH and the private market? How are you building market share?

In terms of turnover, our share is actually decreasing, because our manufacturers are supplying mainly the basic EPI vaccines. So when a new vaccine comes in, it comes at a much higher price from the originator, so the MOH vaccine budget is growing, but our share is declining. But in terms of

doses, we still have a continuous supply. In volume it is stable but it is a tender business â?? depending on the tender you go up or down.

Last year, Keymen announced a R&D collaboration project with Hacettepe University. What is the vision behind this project, and what are the immediate priorities to move forward?

The Turkish MOH has a vision for the local production of vaccines in Turkey. As one of the major importers, we have made a lot of contacts with our manufacturers and other technology suppliers. The governmentâ??s idea is to link academia and industry, and try to boost local production. We came together with Hacettepe University and signed a cooperation protocol, and based on this, we begin studies with the Pharmacy Faculty of Hacettepe University. By the end of last year they had allocated a special area for us to build a vaccine development laboratory. Our technology providers have given us consultation on this project, which will be supported financially by us, Hacettepe University and the Ministry of Industryâ??s SANTEZ fund for industrial development. Hopefully, the renovation and establishment of the laboratory will be finished by the end of September 2015.

So now you have the funding in place, the space, the relationships, what are the immediate priorities?

The priority is to begin with three vaccines in the beginning, with Serum Institute, with lab-scale studies to be carried out in our new lab. If we can get the tender from the MOH, then we will scale up to a full-size production unit, and begin local production.

Today, we have another partnership with Sinovac, who have agreed to bring their production technology to Turkey. If this works out, this will be a huge project for us.

What makes you an attractive partner to international companies?

When it comes to vaccines, we are one of the oldest and most experienced companies in Turkey, providing the full service including GMP inspection, registration, repackaging, market access, and cold chain logistics.

When it comes to pharma, everything has changed in the last several years. Before, we were very active in in-licensing products from abroad, but the Turkish MOH introduced a barrier to this, namely GMP inspection, which has stopped many of our in-licensing projects, because the idea of the government is to encourage local production of products to address Turkeyâ??s excess production capacity. However, other countries also have to consider their production capacities.

How do you see your portfolio advancing in the future?

We have decided to focus on the development of our vaccines business, which is our core business, because in terms of volume, this segment will continue to grow, and the pharma market in general will be squeezed because of price pressure on all sides. As a result, we are going back to focusing on our core business.

Are you implementing this same strategy in your export business?

For our export business, one positive thing to note is that Turkey is regarded as a quality manufacturer, with almost no counterfeit production, and prices much lower than Europe. I am on the board of the IKMIB Istanbul Chemicals and Chemical Products Exporters Association, and we have a special working group for pharma, and in that line we are promoting our pharma exporters to Africa, Latin America and Southeast Asia. Last year we had a delegation visited Ghana and Nigeria, and recently a delegation have been to Chile and Colombia, and after CPhI, we have planned a visit

to Vietnam. These are the regions where Turkey is currently exporting, and further there is a lot of potential in Africa and Latin America.

As Keymen we are present in our nearby regional markets, but the reason we have not yet gone to Africa is that we need additional stability studies, which are not ready at the moment. Later on, hopefully, we can go there.

How do you see Keymen moving forward in the next few years, in line with the government's plan to develop the pharma sector in Turkey?

Hopefully by 2023, we will be a manufacturer of vaccines, selling both in Turkey and exporting to the neighborhood region. That is the key target. In Turkey now, pharma companies have two choices – either to grow in volume and have an operation on a wider scale, or come back to core business and grow only in a specialty line.

How would you like the Keymen name to be perceived internationally and locally?

Actually, as we are concentrating on our core business, we are selling some of our assets including pharma MAs, but coming back to vaccines, strategic partnerships will be our long-term strategy. We hope that our name will allow us to find a strategic partner to grow together in the Turkish market.

To what degree do you think Keymen owes its success to its Turkish roots?

In Turkey, our spirit of entrepreneurship is relatively recent compared to other countries. We have just ten or 20 companies that have more than 100 years of operations, and in Turkey for private companies, the average lifetime is less than five years. So a company like Keymen, established in 1973, seems to be relatively very old. In the Turkish mentality we are an old company. This has definitely helped us in building our reputation and helping us on our journey for future.

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