Interview with Fatma Taman, General Manager, Pharmavision Turkey

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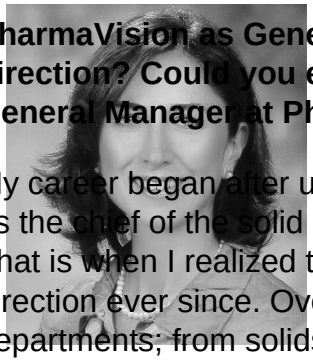
Pharmavision Turkey



als production in your background and have recently joined PharmaVision as General Manager. To what extent does this speak about the companyâ??s direction? Could you elaborate on your career and key milestones that led you to become General Manager at PharmaVision?

My career began after university, when I started my own pharmacy. Following that, I was appointed as the chief of the solid drugs production department at a multinational pharmaceutical company. That is when I realized that I very much enjoyed the production area and have continued in that direction ever since. Over the years, I built up my experience in this area by working in various departments; from solids to semi-solids and liquids to injectables production, among others. Parallel to this, I was also exposed to other important roles such as supply chain management, R&D as well as API production and development.

Finally, I also became involved in taking the lead in various projects; aligned with business development and related to product transfers. Increasingly, I found these responsibilities interesting and wanted to continue in that direction. Therefore, I was interested in such a position at PharmaVision (PhV), which also fitted with the companyâ??s targets for the near future.

Could you provide us with a brief snapshot of PharmaVisionâ??s milestones through its history, as well as, its profile today?

Our company continuing its manufacturing activities in its TopkapÄ± â?? Istanbul facilities since 1966, has a deep rooted past dating back to TÃ¼rk â?? Hoechst Sanayi ve Ticaret A.Å?., one of the first foreign investment companies in Turkey, established in 1954. With the start of the official implementation of the GMP (Good Manufacturing Practices) rules in Turkey in 1985, a wide-ranging modernization plan was prepared in line with similar changes in the broader Turkish pharmaceutical industry. This remodeling project of the facilities started in 1988 and was completed in phases in about 12 years. The result has been an exemplary plant with high international standards exhibiting computer-supported closed systems and uninterrupted manufacturing lines.

Our company also underwent rapid and major structural changes parallel to the developments of the global pharmaceutical sector. Meanwhile, Hoechst first acquired Roussel-Uclaf (1972) and Marion-Merell-Dow (1995) to form Hoechst Marion Roussel in 1997 and then in December 1999, RhÃ´ne-Poulenc and Hoechst Marion Roussel formalized their merger with the creation of the Franco-German group Aventis. In 2002 a â??Management Buyoutâ?• (MBO) took place, whereby company ownership was transferred to site management in line with Aventisâ?? strategies and the company

name was changed to PharmaVision, thus resulting in todayâ??s final structure. We could say that following the MBO, the company alternated to Turkish ownership and its core business activities were refocused on contract manufacturing. Interestingly, this proved to be an historic moment for PhV and the pharmaceuticals industry as a whole. Unlike the current trend of local pharmaceutical company takeovers by multinational companies, PhV remains the only company that has gone against this trend by way of the management buyout; that is, from foreign to local ownership.

Until now, following ten years of highly successful toll and contract manufacturing, we have realized our strength in serving our customers and began expanding our range of services to areas including, among others, material supplies, process improvements and development services. Most notably, shortly before my coming on board at PhV, the company began establishing an R&D centre â?? the first of its kind in Turkey, which marks a new phase in the companyâ??s vision. Now, our recently re-structured development laboratories allow us to improve processes defined in the dossiers, when necessary. Besides process improvements, we are able to give our customers services for development of generic drug products, which will then be produced in our premises on their behalf.

Another interesting characteristic of PhV, from an innovatorâ??s point of view, is the fact that we solely function as a contract manufacturer while also being the first company in the Turkish pharmaceutical sector to finalize the requirements and to receive the TS ISO/IEC 27001 Information Security Management System Certificate in 2007. We consider the information received from our customers as assets due to the nature of our business and provide a high level of confidentiality, integrity and availability. From the customerâ??s perspective, this avoids the risk of dossier duplication. Obviously, this is an important issue for them and we are happy that we are able to provide them with this high confidentiality commitment.

Thus far, we have noticed that our clients, both local and international, appreciate working with us. I attribute this to the fact that we have a competent technical team, in all aspects, that is able to provide some unique services with the highest standard levels. Overall, this is in line with our vision which is to provide our customers a comprehensive range of truly turnkey services, at the highest levels of quality.

How has PharmaVision performed over the last year and what were its main revenue drivers?

Thus far, our main revenue driver has been our overall manufacturing activities. Nonetheless, over the past year, we have added approximately ten new customers to our client portfolio. Although a few of these new clients are relatively small in size, two of these companies have had a significant impact on our volume levels. Together, these new customers have increased our production volumes by approximately 30 million boxes, per year.

What range of pharmaceutical products is PharmaVision able to manufacture and what is your current level of operational capacity?

Our range of production capabilities covers nearly all pharmaceutical forms. Currently, we are active in producing solids, sterile and non-sterile liquids, creams and ointments, as well as oral penicilins and cephalosporins in oral and injectable forms. The registration that we obtained in accordance with the new Turkish legislations, gives us the opportunity to manufacture food supplements as well. Also, we have spare areas for further expansion projects for additional or dedicated products. I would also like to mention that we are ready to invest in new niche areas as long as they are justifiable from an investment point of view.

Exports still form a small portion of the Turkish pharmaceutical business. How would you explain that Turkish players have focused so much on the local market, which as a result may have caused them to â??miss the train to becoming a strong global pharma playerâ??

according to a study by IEIS and BCG?

With respect to the European market, I would say that the main setback to penetrating the market relates to the difficulty in obtaining the required marketing authorizations. The requirements involved in obtaining these authorizations vary greatly from one country to the next. In a sense, these requirements are closely related but at the same time very different from each other in terms of authorities and regulations. Ultimately, the lack of familiarity of the Turkish companies with these matters drove them away since they also had to keep up with the updates of Turkish regulations. In addition to this, the more recent low price effects in the related countries have made this even less feasible from the Turkish pharmaceutical business point of view. This is why we at PhV are focusing on continuous improvement projects so that we can make our costs more competitive in order to improve the feasibility of entering the EU markets and beyond.

On the other hand, if you consider the CIS countries, I think the entry barrier is ultimately related to the lack of motivation and drive of the sales and marketing teams that were set up locally. Based on my experiences, in order to successfully launch a product there, one must establish some level of presence in order to enhance the motivation of the team. In other words, there is a lack of integration between the sales and marketing people abroad with the home company.

PharmaVision has recently been awarded the EU GMP Certificate by the French Health Authority in late 2010. What was PharmaVisionâ??s share of local versus international sales prior to this and how has obtaining this certificate affected your export operations and volume?

Before we were awarded the EU GMP Certificate, our export markets were limited to CIS and Eastern European countries. Needless to say, this certification has granted us the ability to export the solid drugs product groups to all of the European countries and this is a great opportunity.

At the time being, our exports to the European markets are still growing. With our recent projects, we target to acquire EU certification for the remaining production departments and aim to expand our range of exported products.

PharmaVisionâ??s commitment to sustainability and responsibility is evident through the range of recognitions that it has accumulated for environmental consciousness and as well as health and safety standards, among others. In some cases this level of recognitions can only be rivalled by some of the worldâ??s largest corporations. What explains this dedication to excellence?

I would say that the main driver of any companyâ??s ambitions lies in its leaderâ??s vision. In our case, Dr. Ã?nsal Hekiman, our CEO, has been long dedicated to excellence and I believe that he has been the main driver behind PhVâ??s achievements in this respect. Moreover, his vision has spilled over to every member of the PhV team, creating a culture of excellence towards all aspects of our activities; from quality, customer satisfaction, environmental sustainability, etc.

In this context, PharmaVision has a long history of obtaining various awards in the areas of environment, occupational health, technical safety and social responsibility. Becoming the proud owner of the first corporate ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Certificates in the Turkish pharmaceutical industry, our recognitions have continued with the obtainment of the first SA 8000 Social Accountability Certificate in Turkey.

Moreover, after signing the Responsible CareÂ® Commitment with the Turkish Chemical Manufacturers Association in 1993, our institution has received Responsible CareÂ® Awards in 1995, 2001 and 2005 in recognition of our exemplary environmental, health and safety track record.

Istanbul Chamber of Industry Grand Environmental Awards in 1995, 2000 and 2005 were also bestowed upon us for our efforts in this matter. Furthermore, in 2005, CEFIC (Conseil EuropÃ©en des FÃ©dÃ©rations de lâ??Industrie Chimique) accorded to PhV the European Responsible CareÂ® Mention, which recognizes companies from the European chemical industry and its partners for their effective and innovative initiative. Last but not least, we are also proud to mention that PharmaVision became the first company to obtain the TS EN 16001 Energy Management System Certificate in the Turkish Pharmaceutical Sector in July 2011.

Furthermore, other important contributions of PharmaVision to the pharmaceutical industry lies in our voluntary activities for the Turkish Affiliate of ISPE (International Society for Pharmaceutical Engineering, the biggest and the most prestigious professional organization within the pharmaceutical industry), the establishment of which required a substantial portion of our companyâ??s time and resources as the spearhead. ISPE Turkey educational seminars held twice a year, where the most current regulatory or technological topics of pharmaceutical industry are presented by best available experts are in great demand within the Turkish pharmaceutical community. At the academic level, the Affiliate had a significant contribution in introducing the Pharmaceutical Engineering concept to various Universities in Turkey and in starting the countryâ??s first â??Pharmaceutical Engineeringâ?? course through a close collaboration between PharmaVision and the Faculty of Pharmacy of Istanbul University, in order to enable the education of â??pharmaceutical engineersâ?• for which the demand in our national pharmaceutical industry is very high. Another highlight has been the Affiliateâ??s contributions to high school level education. As a result of an active cooperation between ISPE Turkey Affiliate and the Ministry of National Education, â??Pharmaceutical Manufacturing Technicianâ?• curriculum started in Turkey for the first time in 2008, at KadÄ±rga Vocational High School, which was chosen as a pilot school for the implementation of this brand new project aiming to properly train qualified technical personnel needed by the pharmaceutical industry. To supplement this education on the application side, with great support from sectoral companies a â??Pharmaceutical Manufacturing Technician Training Laboratoryâ?•, where students can prepare various pharmaceutical forms as placebo, was also built and made available to students. In addition, ISPE Turkey Affiliate was chosen to draft EU-compliant standards in the pharmaceutical field in cooperation with KIPLAS (The Chemicals, Petroleum, Rubber and Plastics Industry Employersâ?? Association of Turkey) as a project carried out under the direction of Ministry of Labor. As a result, â??Pharmaceutical Manufacturing Technicianâ?• Occupational Standard was published in the Federal Register in 2010, thus becoming the first occupational standard in the chemical industry. For all these efforts, ISPE Turkey Affiliate has been recently honored with the Golden Mortar 2011 Award of Turkish Pharmaceutical Sector. PharmaVision will remain committed to the Affiliateâ??s continuing such efforts in order to ensure that the Turkish pharmaceutical industry is a dynamic and contributing partner of the advancing global pharmaceutical world.

How has this impacted your stakeholderâ??s perception and overall business success?

The pharmaceutical business is characterised by the necessity for comprehensive constant improvement; be it in quality standards or excellence in the supply chain. We are happy to see that our clients have recognized our efforts to maintain the highest levels of standards in every aspect of our activities as we are often engaged and commended by them on these topics. Of course, our stakeholders are willing to partner with a company that shares their level of standards.

These positive responses from our clients has ensured me that we are indeed a company on par with international leading manufacturers and encourages us to continue on this path of excellence and establish our presence in the international market.

We have learned from your counterparts, such as Mr. CÃ¼neyt BalÄ±kÃ§Ä±oÄ?lu at Ferring that employee retention has recently become an issue due to the recent challenges faced by the pharmaceutical industry. Do you agree with this and what steps are you taking to address this issue?

In PhVâ??s case, I would not entirely agree with that assessment. In fact, a majority of our employees have been with us for over thirty years. PhV has created a work culture and environment which gives our employees a healthy sense of integration and satisfaction which solidifies their commitment to the company. At PhV we emphasize all-inclusive team work, where everyone is included in the decision making process. Also, when we consider possible candidates to our company, besides looking into their education and background, we also pay attention to whether their personality would match within our environment.

We are also pride in being a part of the United Nations Corporate Citizenship Network, thus committing to support the ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. But we consider it a bare minimum to respect human rights, to be sensible to the environment and to comply with regulations and ethical guidelines in all our undertakings; and we pursue our activities that focus on development, change and excellence as a leading corporation of the sustainable development field.

Mrs. Taman, what is your vision for PharmaVision over the next three years?

I am looking forward to have products developed by PhV on behalf of our customers on various markets such as Turkey, Europe, the US, Canada, and Brazil. I also have the target to double our production volumes over the next three years.

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