

Interview with Nenad Ognjenovic, General Manager, Galenika

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From a Zemun-based Belgrade drug manufacturer, Galenika has grown into a leader in Serbia with an increasing footprint worldwide. How would you describe the company today?

In its 65 year-long history of drug manufacturing, Galenika has experienced various stages of development. Out of a small factory in former Yugoslavia, founded in 1945, the company evolved into one of the largest manufacturers in this area. As the global pharmaceutical sector evolved over the years, Galenika aimed to keep up with the world trends in generic drug manufacturing.

While Galenika has once been the worldwide leader in penicillin manufacturing, various factors led to such activities being allocated to other parts of the world. In the 1990s, the company subsequently experienced various problems due to the dissolution of Yugoslavia. With the loss of that former country, we consequently also lost certain markets and market positions. We also had to deal with many things that are not in function of progress and prosperity in the pharmaceutical industry. Moreover, some of the traditional barriers Galenika had to deal with, were not present for some of the other player in the market.

When I first started heading Galenika 2,5 years ago, I experienced a number of challenges. No new plant had been completed for a long time, the company's facilities were not operating according to GMP standards, and the product portfolio was rather old.

There was plenty of work to be done. Therefore, the first priority was to complete a new plant, and obtain the GMP certificate. Second, we saw the need to modernize our portfolio and expand our markets. The number of preparations that have been registered in the past 2 years now lies between 40 and 50 products. Apart from the successful introduction of these new preparations, a strong pipeline has also been built up over time.

Galenika further welcomes multinational companies (MNCs) here, and looks forward to working together with them. We already managed to close a contract manufacturing deal with Abbott, for the manufacturing of Brufen and Flugalin at our facilities in Serbia. Such contractual cooperation with MNCs gives a certain extent of security to Galenika, and gives our partners the chance to test our knowledge in drug manufacturing.

Apart from the fact that Galenika now meets these GMP standards, what makes the company a partner of choice for contract manufacturing?

Galenika has a 30 to 40 year-long history with companies such as Abbott and Roche. My personal wish is to see as many MNCs as possible present here in Serbia.

First of all, we do drug manufacturing for all world markets here. While doing so, we also enjoy cheaper inputs: we have a relatively cheap labor force, are in close proximity to the EU, and have more privileged relationships with Russia and the CIS countries, because of Free Trade Agreements (FTA).

All in all, Galenika is open for cooperation with both the East and the West. Wherever the pharmaceutical industry is interested to manufacture, we will be interested in doing business.

In terms of manufacturing, February must also have been an exciting month, as you signed a deal to build a new finished dosage factory in Obninsk, Russia. What was the vision behind this decision? Can you also explain what this investment will bring to the company and its international footprint?

While the Russian market is already huge by itself, there are also other surrounding markets with significant potential, such as Belarus and Kazakhstan. Overall, we are looking at the potential to serve more than 200 million people in that region.

Companies that approach these markets as a domestic manufacturer will automatically enjoy certain priorities there. It explains why many of the MNCs are in fact very interested to manufacture in Russia, whether on their own or through their partners.

It is clearly a plus that Serbia is the only country to have this FTA, and Galenika seems to be the first company to really take advantage of it?

That is correct. That is why I am inviting all MNCs to cooperate, and to go to those huge markets through Galenika.

What role have exports played within the Galenika story?

As I mentioned before, we were facing many challenges when I took over 2,5 years ago. In terms of manufacturing, we had to decide what to produce, which standards to meet, and where to sell our products. Traditionally, Serbia has maintained strong international relations with other countries, but many of those came to a standstill as the country experienced many problems.

Unfortunately, as a country, we are now even poorer than we already were. Without MNCs, we cannot raise the levels of investment. This is one thing, separate from the capabilities we have managed to build up ourselves. Therefore, I am open to work together with MNCs to manufacture for them, and potentially sell medicines for them, and henceforth share the profits together.

Of course it was widely covered in the press that the plan was to sell 70% of the company to a well renowned international player. Is such privatization and sell-off to an MNC still in the plans?

While the government of the Republic of Serbia will be the final decision-maker in this process, it would be beneficial in my opinion. I am sure that a company such as Galenika will find its position in the family of pharmaceutical companies, and share parts of its responsibilities.

Galenika is a company with a 65 year-long tradition and now also has its own R&D Institute. In that sense, it is worth mentioning that, at an R&D level, Galenika just released a probiotic that has come forth out of our own R&D labs. Considering that we also have a good own pipeline now, I would find it unfortunate for a company like Galenika to come into the hands of people that do not want to do business in the pharmaceutical industry. Considering that so much has been invested in both equipment and people, it would be a shame to see the company changing ownership to an entity that has ties with industries, different than the pharmaceutical ones.

With an MNC as a strategic partner of the company, Galenika would have the opportunity to obtain a piece of the world market.

Shouldn't the company keep a certain degree of Serbian roots?

I am a Serb, but I think that Europe and the world should be the rooftop for all of us. Local is one thing, but the world is something different. I agree that we need to honour tradition, but we also need to fit into the rest of the world.

Galenika is also known to be the only pharma company in Serbia with an R&D institute registered with the Ministry of Science and Environmental Protection. What do you see as the key strengths of this Institute, and how do you explain that Galenika has been able to be a pioneer for R&D in the country?

The answer lies in tradition. You can build more modern plants any day, but knowledge and tradition is something that is passed on from generation to generation. This is where Galenika has the advantage over some other plants.

Through this Institute, you also conduct a lot of clinical trials. Do you see Serbia as a favourable environment for clinical trials, not only for yourself but also for the MNCs?

Our wish is to have our controlled laboratory accredited, and subsequently perform services for multiple companies, covering the entire Balkan region. We need to allocate our people with Phd and Master degrees to those areas where they can best put their skills and competences to use.

There is indeed a great amount of scientific talent available in the country!

To understand the current situation, one needs to consider Serbia's history. Relative to many countries that are ahead of us now, it needs to be acknowledged that their economies and people were not ahead of us in the past. I then refer to countries such as Slovenia, Croatia, Bosnia-Herzegovina, Macedonia, etc. We are now separated, but we used to be 1. In the past, former Yugoslavia was a great exporter to the East. If you see the exports of companies such as Krka today, you can also better understand the position that former Yugoslavia had in these markets.

Because of the war, all these companies, as well as the countries' economies, were put in a state of standstill. However, we have left these events behind us, and what is needed now is a stronger injection of both funds and knowledge, in order to move ahead.

What is your final message to the readers of Pharmaceutical Executive, on your commitment to the Serbian pharmaceutical market and industry?

Galenika supplies the citizens of Serbia with its drugs to such extent, that every 5th prescription is one for Galenika's drugs. We can comfortably state that we produce inexpensive quality drugs for the needs of Serbia's healthcare system, which signifies our degree of responsibility to produce quality drugs here. The Galenika brand further has managed to build up a strong reputation over the years, while it is well renowned for its quality. As a pharmacist by training, I can proudly say that we produce the same level of quality drugs for all citizens

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