# JiÅ?Ã Volf â?? General Manager, BB Pharma, Czech Republic

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*JiÅ?Ã Volf, GM of BB Pharma, explains his motivation behind starting an entrepreneurial journey, the companyâ??s competitive advantage in the face of international and local players, their business strategy in the Czech market and the exciting plans for BB Pharma to expand beyond European frontiers.*

**JirÌ?iÌ•, could you introduce yourself, your career and your journey at BB Pharma to our international readers?**

BB Pharma was established in 2006 as a marketing authorization holder with production and sales in the Czech Republic and Slovakia. We expanded our portfolio year by year and, in 2013, we decided to purchase FarmÃ¡cia Martin and then AtB Pharma in 2016. Today, the BB Pharma group consists of six companies â?? BB Pharma is the â??motherâ?• company and the remaining five are â??daughterâ?• companies, three of them are in Slovakia and two in the Czech Republic.

Our main activity is the distribution and sale of generic chemical drugs, which are produced by our contract manufacturing partner HBM Pharma in Martin, Slovakia. Through our subsidiary FarmÃ¡cia Martin, also in Martin, we produce hormones and some army products. Thirdly, our AtB Pharma subsidiary produces antibiotics. Finally, we offer serialization, transportation, and distribution services in compliance with pharmacy rules.

**What prompted you to start this entrepreneurial journey?**

For a long time, I was responsible for the sales of machines produced by a third-party. I had no freedom to operate and was expected to constantly ask my boss for permission before making any decision. Suddenly, four colleagues and I encountered the opportunity to develop our own portfolio. Despite the many risks, we decided to embark on this journey and finally become independent. Overall, we were driven by the desire to emancipate, while doing what we know how to do.

**Since taking this risk, what has been your biggest achievement and what have your learnt along the way?**

Our biggest achievement is simply that all the companies in the BB Pharma group are being run successfully. Since when we started in 2006, our revenue has grown from CZK 50 million (EUR 2 million) to CZK 650 million (EUR 26 million). We are often approached by consultants trying to teach us how to become more profitable and internationalize. I usually dismiss them because, even though we sometimes make mistakes, I want to remain true to the companyâ??s spirit.

I used to work for an Italian group, and I remember we used to have a dispute about keeping the company running during August and Christmas. Italian companies have the tendency to shut down for an entire month for summer holidays! I insisted that if they kept the company running, they would become number one in Europe. They replied, â??It is true that we may not be number one, but at least we have time to spend the money we earn with our family and friendsâ??. I, of course, agree that family and free time is just as important, and I now understand that the company will grow the way the team wants it to grow.

**BB Pharma operates in multiple segments. What is the split of BB Pharmaâ??s portfolio and where does the growth come from?**

Our main source of revenue is human medicine (excluding antibiotics), which accounts for 40 percent of the revenues. Antibiotics account for 35 to 40 percent of our revenue, and the remaining 20 percent is generated by the sale of medical devices for the army. The biggest growth opportunity lies in the military field. Recently, we modernized our facilities, and we switched from manual to automatic production. Consequently, our production came to a halt for one year, but now that we are restarting the business, the profit will grow to become 35 to 40 percent of our revenues.

In the field of human medicine, we deliver up to 96 percent of our products to hospitals, and the rest in drug stores. Our products are mainly injections, as well as some tablets, including penicillin tablets in the Czech Republic and Bitammon tablets in Slovakia.

**How do fight off competition to remain a partner of choice in the Czech Republic?**

There are two points worth mentioning. Firstly, we do not advertise our products as it is against the law to do so directly to the final consumer. Secondly, we only operate via distributors who directly deliver to hospitals. There are four main distributors in the Czech Republic: ViaPharma, Alliance

Healthcare, Pharmos and Phoenix. Together, they own approximately 80 percent of the market share. It would not make sense to distribute directly to hospitals as it takes them at least 180 days to pay.

Our products are old â?? up to 70 years old in some cases. This is a big advantage because every single doctor and distributor is aware of the existence of our products. Furthermore, it is common for doctors to use the same drug their entire professional life. Most importantly, the drugs we offer are a priority for hospitals and almost all of them are reimbursed by insurance funds.

While a competitor from India for instance could offer BB Pharmaâ??s drugs at a cheaper price and beat us in the market in ten years, the expenses involved in transportation and registration of the product are not worth it for them. In addition, they would be operating in a market of ten million people, while Mumbai alone has 20 million people. We do not worry about this kind of competition.

Moreover, competitors from Germany, France or the United Kingdom, although closer to the Czech Republic, would not be able to compete with us on price. The authority would not choose a drug with a price four or five times higher than ours.

Finally, there is no local competitors offering our portfolio of drugs at the same price and quality. For example, other companies offer calcium injections with vitamin C and other supplements. Nonetheless, doctors are looking for a pure calcium injection that is cheap and easy to access, and this is exactly what we offer.

**Where do you see the company in the next five years?**

In the next six months, we would like to finish all our ongoing projects, such as the medical devices production for the army and the antibiotics production. We also aim to finish building our new laboratories.

In the future, we want to become stronger by expanding our geographical footprint. We are currently present in the Czech Republic, Slovakia, Poland, Ukraine, and what used to be Yugoslavia, including Slovenia and Serbia. We are now also in touch with companies in Macedonia, Albania and Russia, and we have some important clients in Georgia and Iran.

Subsequently, we would like to enter some Asian markets, including South Korea and Vietnam. As a matter of fact, we just completed marketing authorization for two products in Vietnam.

It is important to note that not all of our products are applicable worldwide. The human body differs by region. If, for example, you have stomach pain in Egypt, the drugs sold in the Czech Republic will have no medical effect. This is because we each have a different stomach microbiota, and our country of residence has a big influence on our body composition. There are eight to ten products that we would like to deliver worldwide.

In addition, we are now working on changing our marketing authorization format, from paper to electronic common technical document (eCTD) format. We hope that in two years we will have most of our products registered in this format, which will open the possibility of selling them almost anywhere.

We continue to embrace every opportunity that comes our way.

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