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The Greek Pharmaceutical Company which Invests in Innovation

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Theodore Tryfon is waging his own battle in the promotion of the Greek drug.

In the **pharmaceutical** sector, this company's name is synonymous to innovation. For the past five decades, while striving to maintain a low profile, **ELPEN** has managed to slowly build an empire and to expand its activities in 60 countries worldwide. This year, it has dominated the attention winning three prestigious awards.

Following the "Employment Growth" award at the Diamonds of The Greek Economy event, which award was presented to the Founder and Chairman of **ELPEN**, **Mr. Dimitrios Pentafragas**, by the Greek Society of Pharmacology and Clinical Pharmacology, **ELPEN** was also honored at the annual Athens Chamber of Commerce and Industry (ACCI) event "ACCI Awards 2014", receiving the "Research & Technological Development" award, for the second time since 2005!

From its establishment in 1965 up to the present, the company's evolution has been rapid, considering that according to official IMS figures, last year **ELPEN** ranked 7th among 400 domestic and multinational pharmaceutical companies in Greece.

The financial magnitude of this Greek pharmaceutical company, which employs over 840 employees and owns 20% of the Greek generic drugs market share, and 35% of the hospital market share, is quite impressive. Most importantly, the company's momentum has not been affected by the country's unfortunate financial crisis.

With a turnover of €110 million in 2013, the Board is confident that this year's figures will close at approximately the same level. **ELPEN's** Vice President, Mr. Theodore Tryfon, spoke to FortuneGreece.com about the challenges faced by the pharmaceutical sector, underlining the absence of any coherent national policy regarding pharmaceuticals. He

presented his own proposals and pledged that in 2017, **ELPEN** will launch at least two new patented Greek drugs, in the European market.



- Mr. Tryfon, in 2015, the company will mark a half century milestone of operations. To what is owed this successful course, and how do you envision ELPEN in five years time?

"In the past 50 years we are constantly growing in order for you to grow along with us!"

This is the motto of our recent campaign, which clearly shows that apart from a good, solid organization, and proper planning, the company has kept alive both its founder's vision as well as its interest in mankind and in our country, Greece. I am hoping that in the next five years, the market environment will have cleared, thus enabling us to dynamically pursue our activities, unhindered, and established as a company-model for healthy growth.

- We are in the middle of 2014 and already, the company has received three distinctions which in fact confirm the company's sound business activities. Were you expecting this? What is your next goal?

We are genuinely honored by the awards, but they are not in any way our company's end goal, nor do they allow us to rest on our laurels. Admittedly, the awards were significant:

- On June 23, 2014, **ELPEN** received the "Research & Technological Development" award from the Athens Chamber of Commerce and Industry (ACCI).
- On May 22, during the annual "Diamonds of The Greek Economy 2014 – The Healthiest Growing Companies in Greece" event, **ELPEN** received the "Employment Growth" award.
- On June 13, the Chairman of **ELPEN**, Mr. D. Pentafragas, was honored by the Greek Society of Pharmacology and Clinical Pharmacology, at the Athens Academy Research Center.

This triple distinction in such a short span indeed confirms our upward trend, allowing us to view the future with extreme optimism and hope.

-What was the greatest challenge that you were called upon to face in the midst of the crisis, as Vice President of one of the largest pharmaceutical companies in Greece?

We were forced to fight (and we are still fighting!) a tough battle not to deny our burdened fellow citizens the right to proper, fundamental pharmaceutical care. Note

that this battle is fought in a very tough battleground; in a country notorious for its lack of a national policy on drugs.

Unfortunately, the Greek pharmaceutical industry operates under a hostile environment which favors expensive, imported pharmaceuticals, while limiting those which are domestically produced. Branded Greek pharmaceuticals, which are exported to 80 countries, are pushed aside in the Greek market by an insane policy which solely favors multinationals. This is achieved by: a unidimensional focus on prices, the absence of prescription regulation and factitious demand, the absence of supply chain regulation, the unfortunate existence of disincentives for cheaper therapeutic treatment choices, and so much more....

Our great challenge is to 'remain standing' and to insist on growing, thus reversing the existing conditions. Furthermore, with our extroversion, we aim to continue offering outstanding added-value to the Greek economy.

-According to surveys done by international groups, the pharmaceutical industry is among the sectors with the largest growth prospects. In your opinion, how can Greek pharmaceutical companies grow when the State is constantly hindering their operations, especially in what generic drugs are concerned?

The Greek pharmaceutical industry is indeed proving to be quite powerful as can be attested by the recent official surveys presented by the Foundation of Economic & Industrial Research (IOBE) and the McKinsey consulting firm. Having said this, we are still faced with a multitude of obstacles from this point onwards.

You mentioned generics. The Greek pharmaceutical industry is active in the production of high quality branded drugs, which aside from their undisputed drug efficacy, they have the capacity to greatly contribute towards the rationalization of pharmaceutical expenditure. Despite all this, the current policy favors imported drugs, which drugs are not known to add any substantial therapeutic value. Imported pharmaceuticals excessively burden the State's pharmaceutical expenditure while inevitably pressuring the domestic national production to its limits, with the collateral damage that this entails.

It is inconceivable that there should be delays in delivering marketing authorizations of Greek generics, which as a result is to the benefit of imported drugs. It would be a **financial crime** against public revenue and growth, if the State does not formulate a comprehensive pharmaceuticals policy, whereby the Greek pharmaceutical industry would have at the very least, a 30% of the market share. This can be achieved with no financial burden to the State, since the national budget for pharmaceutical expenditure is set at €2.5 billion. It is beyond clear and obvious that it is merely a matter of how the pharmaceutical market is divided.

Under these circumstances – and given the gross lack of growth incentives – the burden for the survival and growth of the crucial Healthcare and Economy sectors, falls exclusively upon the Greek pharmaceutical industry.

We have already undertaken this responsibility by means of important, serious investments in manufacturing infrastructure and cutting-edge technology, by supporting and maintaining employment, hiring highly-specialized executives, by persisting in research and innovation, and expanding towards international markets. We are present and we are here to stay! And we will continue to contribute towards the country's GDP. Bear in mind that currently, the contribution of the Greek pharmaceutical industry towards the GDP is a precious €2.8 billion.



-The company's extroversive orientation allows it to have a well-rounded picture of what is happening in the global pharmaceutical market. Do Greek doctors support Greek drugs? Where do pharmacists stand in terms of know-how? Are they competitive?

The country's medical and pharmaceutical community is growing closer to Greek pharmaceutical companies. Having said this, it is imperative that the doctors and pharmacists of the country take an even clearer stance and pressure the public sector towards an even more dynamic support of Greek, branded pharmaceuticals. Bear in mind that every time Greek patients are prescribed Greek drugs, the benefit to the Greek economy triples if not quadruples! Ultimately, both the insured and the social insurance funds greatly benefit. The Greek State benefits, therefore it is to the profound benefit of all its citizens!

You asked me about Greek pharmacists. They are exceptional scientists and, and at the same time, are quite socially aware citizens. However, they are trapped in a hostile environment, which does not allow them to develop and flourish. The Greek State must create the framework which will ensure the competitiveness of Greek pharmacies.

-What is the expenditure allocated by ELPEN's management on research and development?

The sector of Research is of primary importance to us. Each year, we allocate at least 5% of our company's turnover to research and development endeavors.

At a time characterized by the inability to link Greek industries to research, **ELPEN again is a pioneer!** It has created the country's single, largest, private research and experimental laboratory. It is **ELPEN's "Experimental Research Center"** which in the last 18 years has supported more than 200 research programs (including 100 research scholarships), and has materialized more than 650 Greek and international teaching seminars, with 80% of these offering practical training.

The research center is a model of effective and creative Public and Private Sector partnerships. As a result of this creative endeavor, **ELPEN's Experimental Research Center** contributes greatly to disseminating extremely valuable scientific knowledge and information (ex. more than 180 articles in international scientific journals), as well as creating the conditions for developing and producing innovative and effective drugs.

Furthermore, it emphasizes the safeguarding of the development process for each generic drug, both in terms of raw materials but also in what regards methods of bioequivalence with the reference products. Our company is an innovator in developing new pharmaceutical substances, pharmacotechnical forms, and administration methods.

In this context, a significant axis of the company's experimental activities is dedicated to researching innovative dry powder inhalers. Fruits of this labor resulted in the successful development of the novel **Elpenhaler®** device, **invented** by the company's Founder and Chairman, Mr. Dimitrios Pentafragas. The device has been approved in 27 European countries, and is patent-protected in more than 90 countries worldwide!

-Apart from Elpenhaler®, which is considered one of the company's most important products with a worldwide patent, are there any new products underway?

Each year, **ELPEN** launches at least six new development projects for generics, or for drugs with different pharmacotechnical form/administration. Priority is mainly given to cardiovascular and respiratory drugs. We believe that by 2017, we will launch at least two new **ELPEN**, patented Greek drugs, in the European market.

-The Board is committed to increasing exports in the next two years. Will this be achieved by fortifying your company's presence in the existing markets or by forging a presence in new ones?

ELPEN exports 30 top products, in terms of quality and therapeutic value, exports that exceed €25 million annually, with an active, dynamic presence, in 27 European countries and 60 countries worldwide. Our short-term goal is for exports to constitute at least 30% of the company's turnover. To this end, our expansion in the global market is achieved through careful and strategic business moves.

- How do you expect the current fiscal year in terms of turnover and profits, and what are the plans for the Greek market?

The year 2014 is an extremely difficult year for the Greek market, primarily due to the very low budget expenditure for drugs (inexcusable, given the average cost per patient). This entails ongoing budget cuts, and the immeasurable burden of the clawback policy. Our objective is to launch new drugs in Greece, and to increase our market share in the Greek generic drugs market, with **ELPEN** produced drugs, so as to close the fiscal year hopefully only slightly lower than 2013. Simultaneously, we believe that our company's increased exports activities will help us improve our overall standing.