Interview: Vladimir Tkachenko – General Manager, AMAXA, Ukraine



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Vladimir Tkachenko, general manager of AMAXA PHARMA, a UK-headquartered pharmaceutical company focused on life-threatening therapeutic areas such as oncology and neonatology in the CIS countries, provides insights into AMAXA's market positioning in Ukraine and the region, as well as his strategic priorities to further propel the eye-catching development pace of this ambitious company and fully establish AMAXA as a recognized leader in its core market niches.

Could you please introduce AMAXA to our international readers and explain what is the company's positioning in the Ukrainian market?

Headquartered in the UK and founded more than ten years ago, Amaxa concentrates its efforts on prescription and non-prescription medicines targeting life-threatening diseases, namely oncology, hematology, neurology and neonatology.

In terms of geographies, AMAXA is focused on the development and promotion of these life-changing products in CIS countries, where we aim to establish ourselves as a leading player as well as the partner of choice of healthcare professionals in our core therapeutic areas. In this vein, our company's approach is to provide these countries' population and patients with highly needed products that are not yet available locally – whereas similar products might already be accessible in more mature markets. In this regard, Ukraine also operates as one of our company's regional hubs, from where we pilot Amaxa's business development across our targeted markets. As a

matter of fact, my responsibilities also entail the supervision of Amaxa's commercial activities in Belarus, Moldova, Kazakhstan, Georgia, Armenia, and other CIS countries – except Russia.

To fulfill this mission, Amaxa relies on a comprehensive portfolio encompassing both in-house developed medicines and in-licensed products, while we also pay the utmost attention to ensure our portfolio is tailored to the specificities and needs of each country we operate in. For example, in the Ukrainian market, we have set up a broad partnership with Switzerland's Octapharma, a company that holds a global reputation for products derived from human plasma. Overall, in Ukraine, we are particularly strong in oncology, as our portfolio gathers medicines targeting breast and ovarian cancer, Kaposi's sarcoma, small and non-small cell lung cancer, gastric and colorectal cancer, as well as malignant lymphoma and other cancers. We also hold a significant number of life saving products in our neonatology franchise, especially with regards to respiratory distress syndrome (RDS), as – in Ukraine like many other countries – premature births and perinatal mortality continue to be a health concern.

Since I joined the company in 2012, Amaxa Ukraine has been rapidly developing its activities and our office now gathers more than 70 employees, while our sales target is to overcome the USD10-million mark in 2017. In line with our market positioning centered on life threatening conditions, we have been building on our historical strength in oncology to further expand our portfolio into new gynecology and neurology medicines – including both prescription and non-prescription products.

Furthermore, the company's portfolio in Ukraine is not limited to specialty pharmaceuticals, as Amaxa was also the first company to introduce tumor profiling services into the Ukrainian market. Could you provide insights into this pioneering service offering?

Since 2012, Amaxa has indeed been partnering with Texas-based Caris Life Sciences® to provide Ukrainian patients with access to Caris® Molecular Intelligence. We are particularly proud of this significant milestone, which truly stands as Ukraine's first step towards a greater level of treatment personalization in oncology.

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Caris® Molecular correlates molecular data from a tumor with biomarker and drug associations from clinical and scientific cancer literature in order to enable the delivery of precision medicine. This molecular profiling allows physicians to identify the most efficient therapeutic pathway according to the exact specificities of the patient' tumor, which is particularly important for rare, aggressive, and metastatic cancers. As part of this partnership, we conduct – in Ukraine – a biopsy

of a small part of the patient's tumor, before sending this sample to Caris' laboratories in Phoenix, USA. Once we receive their report back, Ukrainian oncologists are then able to precisely determine which medicines are the most adapted to the tumor's specificities and – more importantly – can rule out the treatment options that are not overly effective or will be ineffective to treat a given tumor.

Molecular testing and precision medicine remains a very frontier area, even in the most advanced health ecosystems in the world. How receptive have Ukrainian physicians been to the introduction of this breakthrough technology?

In Ukraine, as in many other ecosystems around the world, education plays a fundamental role in accelerating the adoption of pioneering diagnostic and treatment technologies. In this regard, pharmaceutical companies have a great role to play in providing local physicians and specialists with a comprehensive understanding of the game changing potential that molecular testing holds. As the company that introduced this pioneering technology into the Ukrainian market, Amaxa fully falls within this trend. We regularly organize targeted education workshops, inviting to Ukraine international KOLs from some of the most advanced countries, where specialists hold a deeper experience of molecular testing and precision medicine.

In the grand scheme of things, molecular testing stands as a radical paradigm changer for healthcare professionals, moving from standardized care, which has been the norm over the past decades, to an individual and personalized treatment approach. In this regard, we see that physicians and insurance companies – both in Ukraine and globally – have not yet fully embraced this technology.

Looking at the Ukrainian ecosystem specifically, out-of-pocket expenses make up more than 85 percent of medicine supply, as well as a large share of the overall healthcare expenses. Unfortunately, such a large share of private spending does not contribute to easing the adoption of groundbreaking but still expensive treatment technologies.

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On the other hand, this specificity of the Ukrainian market, where out-of-pocket spending still makes up a large share of medicines and healthcare expenses, could also contribute to accelerate the adoption of this service: as patients are paying for their own medicines, aren't they more eager to maximize their treatment's efficacy?

To some extent, this is true – although this trend's impact is not significant enough to offset the absence of a nation-wide reimbursement program in our country. Nevertheless, in our health system, there is no cost-focused insurance company or government-backed social security system to dissuade patients from adopting the most advanced technologies; hence Ukrainian patients take this decision by themselves, together with the doctors, without having to consult insurance companies or governmental reimbursement.

In this regard, Ukrainian patients' decision power is probably heightened than in countries where state reimbursement agencies or private insurers hold a tighter control on the patients' healthcare pathway.

What are your main priorities to further grow Amaxa's footprint in Ukraine?

We have already defined our strategic plan for the upcoming years. Our local portfolio currently encompasses over 20 products – half of them having been recently launched onto the Ukrainian market. These products will stand as our organic growth drivers over the upcoming years, as we want to leverage the recent recovery of Ukraine's economy and the increasing purchasing power it entails to rapidly increase these products' market share.

On the other hand, we also consider bringing to Ukraine a substantial number of new products within the next two years – including both proprietary and in-licensed brands. In this regard, we are particularly open to new collaborations – although our approach to evaluate the commercial attractiveness of new partnerships has significantly evolved over the past years.

What are the new trends that you are taking into consideration when envisioning new partnerships?

Since the deep economic crisis that started in 2013, the Ukrainian market has been characterized by a soaring demand for low price products, which is totally logical considering the importance of out-of-pocket spending in our health system. In this context, evaluating products to in-license has become much more difficult than a few years ago, where the quality of the product, the brand reputation, or the product's technology were considered as the main differentiators. This new context also implies to subtlety play on our margins to adjust the price of our products, as, in case of too high pricing, the share of the Ukrainian population that can afford a given product becomes almost null.

In this context, domestic products' sales have been increasing rapidly during the crisis, as local producers benefit from lower production costs than their international competitors, which provides

them with more flexibility when it comes to adjusting their prices to the purchasing power of the population. In product categories where local companies hold a strong foothold, it is then particularly challenging for international companies to compete in a market where price has become the most crucial factor in patients' decision-making process.

As a result, when we look at enriching our portfolio with new medicines, we cannot limit ourselves to only identifying which life-changing products are in high demand in Ukraine. Without any doubt, launching a new product in Ukraine now requires a more sophisticated market approach than ever, including a very comprehensive analysis of the competitive landscape as well as a very precise pricing strategy.

What are the main objectives you want Amaxa Ukraine to achieve within the next five years?

From a sales standpoint, we hold the ambition to double our turnover. We however do not plan to change our market positioning: Amaxa will remain a specialized company focused on enhancing its leadership in targeted niches: oncology and neonatology, as well as gynecology and neurology.

Overall, our mission is to provide Ukrainian patients with the opportunity to live healthier lives, while contributing to increase Ukrainians' life expectancy, which remains almost ten years lower than the European average.

What do you see as the main success factors to reach this ambitious objective?

We need to continuously nurture and enrich the expertise and competences of our employees – this will be the true success factor. If we are able to grow our teams and develop our people's skills in the meantime, I have no doubt that we will be able to select the best products, choose the most interesting partnerships, and – at the end of the day – increase our sales and our market share.

Amaxa remains a relatively small company – although we have been growing at a very promising pace over the past couple of years. Above all, the current size of our operational structure means that each of our employees has a very important role to play in building our company's success in Ukraine and in the region.

Ultimately, our organization's size also allows us to implement a more personalized approach when it comes to engaging with our partners and relevant stakeholders, while we can take strategic decisions much faster than our larger competitors. In a volatile market like Ukraine, where periods of double-digit growth can be regularly interrupted by deep crises, being a proactive and agile company undoubtedly makes a huge difference, which will indisputably strengthen our

attractiveness to the eyes of potential partners.

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