Interview: Haithem Boukhari – CEO, Boukhari Prince Médical, Tunisia

"Boukhari Prince Medical has succeeded in finding the right balance between high levels of quality and a competitive rate for its customers."

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Haithem Boukhari, CEO of medtech manufacturer Boukhari Prince Médical, documents the favorable business environment in Tunisia that has allowed him to grow the company's production site tenfold in the last 15 years, as well as its Middle Eastern and South American ambitions.

What are Boukhari Prince Medical's main activities?

Boukhari Prince Médical runs the production activities of the French medical device company Prince Médical. The French mother company supervises the business development, logistics and distribution of the products produced by Boukhari Prince Médical in Tunisia. Prince Medical sells its own lines of products across the world with the help of distribution partners as well as own-design products to international brands. In parallel, it engages in the licensed production of medical devices for French, Spanish, American and German clients.

Our company specializes in the production of single use medical devices in gastroenterology, gynecology, in vitro fertilization (IVF), and urology. We also produce perfusion devises used in the case of contrast product injection. In addition, Boukhari Prince Médical's production facilities comprise 11 clean rooms that comply with ISO classes seven and eight.

What have been the key moments in Boukhari Prince Médical's development since its creation?

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We were only five people when the company opened in September 2004. We now employ over 400 Tunisians. All employees actively engaged in all parts of setting up the business. After building our first site of 82,000sqft in 2004, we built an extension of 160,000sqft in 2007. At that time, our annual growth averaged 20 percent. A couple of years later, because of the development of our activities, we had to build a second extension to the plant. This time round, the PAEB's (Economic Activities Park Bizerte) president gave me the authorization to build a third production plant of 120,000sqft a mere 24 hours after having applied for it. Truly, installing our plant on this site has been the best decision taken since we started off, and the PAEB has been a tremendous support on our journey. In 2012, I engaged in the construction of a 500,000sqft production facility in the hopes this one would suffice in the long run. Though this is the last production site we have built, I am looking forward to building a new site. Unfortunately, the PAEB is running out of space, and the file is still pending approval in the PAEB's offices.

What elements have facilitated Boukhari Prince Medical's rapid development?

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We have benefitted from multiple advantages because we chose to establish our company within the PAEB. This free zone offers multiple high-quality services such as the unique interlocutor system. In other words, investors establishing a venture in this free zone centralise all their administrative requests to the PAEB administration. The PAEB manages everything from delivering the construction permits to the coordination of different service providers. Instead of investors dealing with different authorities at each stage of the construction, the PAEB recommends architects and construction companies, manages the relationship with power providers and town hall personnel and helps with the recruitment. We obtained the construction permit 48 hours after having applied for the construction of our plant and started the production in Bizerte less than a year after having decided to establish ourselves in Bizerte. Indeed, we created the company in September 2003 and started production in September 2004. This gives you a good idea of the scope of services the PAEB is dedicated to provide to the companies it is hosting.

Additionally, legal and fiscal advantages linked to our presence in a free zone have facilitated the development of our activity in Tunisia. For instance, we have benefitted from corporate tax exemption until 2014, duty free imports and exports, and value added tax exemption. It must be highlighted the corporate tax exemption is no longer applicable to any company present within the PAEB and now stands at a ten percent rate. Additionally, as a fully exporting company, custom

clearance delays are extremely fast and never last more than 24 hours.

Last, the qualified labor and managers are highly trained in Tunisia. For this reason, it was easy to build and sustain a competitive advantage in Tunisia. Boukhari Prince Medical produces medical devices of high quality at a cheaper rate than those produced in Europe.

How do you intend to grow the business in the future?

Recently, Boukhari Prince Medical has invested a lot in his own branded gynecological and in vitro fertilization (IVF) products to respond to increased demand of these products in the Middle East. Indeed, these countries are experiencing high birth rates and we have collaborated with distribution companies in Iran and various Gulf countries to address these markets. We expect demand in these countries to fuel Boukhari Prince Medical's and Prince Medical's growth in the coming years. Having said that however, 70 percent of Prince Medical's revenues still originate from the European market.

I am also looking forward to extend our activities to South America and particularly in Brazil. Also, we are looking forward to integrating a sterilization phase to the Tunisian production line, which until now was managed by Prince Médical in France.

Prince Medical has chosen to focus on collaboration with distributors for these international activities. The diversity of regulatory systems hinders one's ability to be competitive on one's own in many markets. Indeed, local experts are likelier to successfully constitute marketing authorization files, win tenders, or establish a strong distribution network. Therefore, the choice of distributor is a key factor in the success of our internationalization.

What is the current state of the medical device sector in Tunisia?

There are many European companies, essentially French and Italian, establishing themselves in Tunisia to produce medical devices. More specifically, there are around ten main players in the medical device sector, each of which employ hundreds of people. Skilled human resources and a well-established plastic industry have largely contributed to the development of the sector. The government did not have to support the sector's development in any particular way, and I am confident in the fact that we will continue to develop ourselves because our products are less expensive than the medical devices produced in Europe with an equivalent level of quality. Furthermore, Tunisia is strategically located for export activities.

Boukhari Prince Medical has capitalized on the rapid development of international demand by investing in new production material and state of the art infrastructure to work according to

European quality standards. We have implemented a quality management system, have certified our processes by the French notified body LNE/G-MED and have adopted the ISO 13 085 standards. Moreover, control organizations regularly audit our facility to guarantee the fact that we continuously comply with the highest standards possible. In fact, the Korean food and drug administration will be visiting our plants next month.

What differentiates Boukhari Prince Médical from its competitors?

Boukhari Prince Medical has succeeded in finding the right balance between high levels of quality and a competitive rate for its customers. Quality is undoubtfully an indispensable element for the medical device market, especially in developed countries. As our clients can tolerate no margin error whatsoever, we have affected a third of our staff, around 120 people, to quality control tasks. If we had not invested in high-end production lines and in these quality control systems, we would not have experienced the same success.

What is the main challenge you are confronted with?

The perceived quality of medical devices produced in Tunisia does not reflect the actual level of attention brought to this aspect of production. The degree of trust in our ability to produce quality products before visiting the production site depends on the client’s nationality. To overcome the lack of trust in our production capabilities, we offer the possibility to all potential customers to visit the production sites in Tunisia. The plant’s visitors unanimously declare themselves impressed by the level of care to comply with the highest regulations. I reckon the government has a role to play in the change in perception of medical devices produced in Tunisia.

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