Interview: Tomasz Dzitko – CEO, Delfarma, Poland

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Tomasz Dzitko, founder and CEO of Delfarma, Poland's leading parallel importer, gives an overview of the sector in Poland and its impact on the healthcare ecosystem, as well as the space for growth in the future, especially via the reimbursement of parallel imported products. Furthermore, he touches on the relationship with the key stakeholders, and the importance of the verified medicines plan for the nation to be implemented in 2019.

What was the reasoning to start the company in 2004?

Parallel importing was a niche I knew existed within the EU well before Poland entered the EU; therefore, it was a natural step for myself to establish a parallel imports company when Poland entered the EU in May 2004.

In fact, we were quite quick in having parallel import authorizations, and we commenced the importing of first products by November 2005. We started out with five products – two from Servier and one from Bayer, Daichii Sankyo and Janssen-Cilag. At first the media asked me – where do you want to take the company? I proudly answered that we want to have at least 100 products. Now, it is crazy to think we have some 700 product lines and are well on our way to 1000.

The company between August 2016 and 2017 experienced 17 percent growth. What was the reasoning behind these numbers?

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The growth is actually slowing down! Nevertheless, it is still around three-times the market average. Parallel imports are gradually eating into the pharmaceutical market share, though this rate is still fairly low at 1.5 percent compared to the other markets with a longer history in the business segment, such as Netherlands at roughly 14 percent and Sweden at 20 percent. Therefore, there is huge potential and we believe a 10 percent market share is an achievable goal. This will be done through product penetration and portfolio expansion, as well as better acceptance of parallel imported products in Poland.

What have been the challenges you have faced to accept your products?

When we first started the largest obstacle was to prove our products are not fakes, though this myth was quickly squashed. Now, we have a few barriers inhibiting our pathway with the most prominent being the reimbursement system.

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The current system does not support parallel imports; therefore, we are working hand in hand with the Ministry of Health to adjust the current reimbursement model as currently the majority of the saving go toward the patients. Poland is a has a huge prescription market that is not reimbursed, and a co-payment is made with patients. Parallel importers play within this prescription space, saving Poles around 120 million PLN annually, with the ability to double this if correct reimbursement is achieved.

The government is quite receptive to our ideas, though I feel they fear taking on board our ideas will open Pandora’s box, and then innovators and generics companies will want a stronger voice. We must wait for the market to settle and then introduce our ideas.

What are the services you offer to your clients?

Above all, we are always looking to offer value. This is to each key stakeholder we deal with, from pharmacies and hospitals to wholesalers and the National Health Fund. This value is not only for our external partners, but equally our employees.

Parallel imports are organized under national laws, which generally in Europe follow the same tone. This means products must be licenced on the market, and packaged in the native tongue; therefore, in Poland this is Polish. In this regard, we offer repackaging services and have the products authorised in Poland, renewing the licence every five years.

Where are the majority of your partners from?

Obviously, we do not buy directly from companies, but go via wholesalers. We are able to receive products from any country in the EU, as well as Lichtenstein, Iceland and Norway. This brings an additional level of safety as when buying from, say a French wholesaler, the treatments are under French legislation, which are harmonized with Poland.

The pharmaceutical market does at times look down upon parallel importers. What is the relationship that Delfarma carries with the pharmaceutical industry?

There are two levels of interaction. The first is purely emotional, as companies may dislike us as they think we are killing their profit and taking money away from their R&D operations.

The second is from a pure product perspective. Companies must understand we are helping them distribute their products at a lower price; therefore, allowing them to compete with the dominant and low-priced generics market in Poland. For example, if we offer lower priced Servier products in Poland than Servier but it is still Servier's products and not a generic. Therefore, parallel importers open an additional market for pharmaceutical manufacturers to play in between their own reference, high priced products and low-priced generics.

On another level, there has been the misrepresentation that parallel trade has the potential of resulting in drug shortages. Although, this is only from an exporting perspective, as the importers, like Delfarma, are actually increasing the availability of drugs in the country, while offering them at a lower price for patients.

How do you build brand awareness as the preferred partner in the international space?

We have been in Poland for over a decade, and built strong relationships with our suppliers, while in the meantime showing our credibility with our AAA+ rating. We have some 120 employees, as well as a high-quality manufacturing and warehouse facility, and Delfarma is here to build a long-term, enduring presence.

What would be your message to the pharmaceutical industry and government to better value the parallel import sector?

Parallel importers are here to stay, and we are a legitimate third player in the market with generics and innovators. Currently, roughly 40 percent of patients do not complete their prescriptions via co-payment as they can not afford to do so. Introducing our cost-efficient products that are equivalent to what is on the market, will allow them to continue with their medicine and receive better healthcare.

You are also a member of KOWAL, the Polish Medicines Verification Organization. What is the objective of this body?

This non-profit organization brings the innovators, generics, parallel importers, pharmacies and wholesalers together with the aim of creating a system on the verification of medicines in Poland. This plan will roll out around February 2019. In Poland, every product will have a different serial number, and when it is scanned we will know if the product is genuine or false. This is the most important project in Polish healthcare for the last 10 years.

The company's motto is "always a step ahead", what are you doing to fulfil this?

Our next step is reimbursement, which will open up the same opportunities as many other major European market. If the parallel import market reaches a level of 10 percent, and we take into account Delfarma's 30 percent foothold in the sector, this will mean a possible 8-fold increase in sales for us. This will take some time and we don't want to push the process too hard. In the meantime, we will expand our portfolio in the non-reimbursed sector by some 100 products per year.

What is the recipe for the company's success?

People. This company is not only led by myself but is made up of all the people throughout our operations. Furthermore, the dynamic, agile nature of the sector keeps me on my toes and always excited!

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