Interview: George Limbouris – General Manager, PharmaLink, Cyprus

"Global pharmaceutical companies are now paying a lot of attention on how they are doing business in Cyprus, looking for strong, reliable and quality-focused service providers"

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With more than 20 years of experience in the industry, George Limbouris, general manager and founder of third-party logistics provider PharmaLink, has a clear vision on how to establish PharmaLink as the ideal partner for all pharmaceutical companies working in Cyprus and how he wants to lead the company through the implementation of GeSY and the Falsified Medicines Directive (FMD).

PharmaLink has been a pioneer in third-party logistics. How would you rate the performance of the company after 17 years of operations?

PharmaLink was created in 2001 as a distribution company specialising in the pharmacy sector and has grown to be one of the biggest in Cyprus. The company's objective was to introduce to the market third-party logistics which were non-existent in Cyprus at that time.
As expected for a new venture, the beginning for PharmaLink was difficult. We had to persuade key stakeholders and future partners that our service offering was exactly what they needed, and of high quality. Slowly, we managed to earn the trust of first two customers, and now we are entrusted by 106 partners. A vast majority of companies that are in Cyprus use us as their partner of choice, making us one of the leading companies in the Cypriot market, especially considering that daily we distribute more than 7,000 products. Our growth has continuously been positive and 2017 has marked the most successful year to date, with turnover amounting to EUR 38 million. In

terms of assets, we have a main warehouse as well as a secondary facility, both of them being up-to-date with European distribution standards, to ensure the best services to our clients.

As an expert in the industry, both in distribution and in promotion of medicines, how has the Cypriot market evolved over the past few years?

The market has been slowly changing over the years and nowadays, only a few companies are in the distribution segment. Indeed, the market has been consolidating itself and getting more complex. In the past, Cyprus was considered a small country, therefore only local distributors were here to handle foreign products' distribution and marketing. However, Cyprus has now gained interest and global pharmaceutical companies are now paying a lot of attention on how they are doing business in Cyprus, looking for strong, reliable and quality-focused service providers. They look more closely at Cyprus' business characteristics and if they are not satisfied with the current business model they are using in the island, they modify their angle and strategies for this particular market. Therefore, a lot of changes are happening in the market with MNCs entering and leaving Cyprus, depending on the context. Cyprus is a small but interesting market, so companies cannot expect big turnovers, nonetheless, the business here is less risky as compared to most of European countries thanks to the reliable systems in place and the low risks to operate in the current ecosystem.

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A crucial change in Cyprus is the implementation of the national healthcare system, GeSY. How will the new system impact the healthcare industry?

We believe that distributors will take a bigger share of the market considering that with the upcoming system, the public sector and government pharmacies will only supply the hospitals through tenders and all external patients will be supplied through the private market. As we are expecting an important growth in the distribution business, we are preparing ourselves for the impact of GeSY by increasing our warehouse space as well as updating our car fleet. Our strategy is to take advantage of the changes and use it as an opportunity to grow.

The pricing strategy for GeSY is still unclear and will be an element to consider in the future. The government is currently in the negotiation process and evaluating several options. For distributors like PharmaLink, the price will not have an important impact as we will continue to sell at the wholesale price. However, for companies dealing with promotion and marketing, it is going to be much more complicated, and if the profits are too low or they are left with very few products in their portfolio they may consider leaving Cyprus.

The European Union has planned the execution of the Falsified Medicines Directive (FMD) for February 2019. As a logistics partner, how are you advancing in the preparation for the directive?

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In Cyprus, PharmaLink is one of the most advanced companies ready for this change. We are part of a group of companies that have been selected as a testing group for its implementation in the island, whereby we get the first-hand insights. We have been very active in collaborating with the authorities to ensure all requirements are met for the FMD. However, it will be a bigger challenge for pharmacists, who will see an increase in their workload, and will have to significantly up their investment prior to this change. Multinationals will have the resources to be ready but smaller companies and the ones coming from specific countries such as Greece, which is not included in the first round of countries implementing the FMD, will have some trouble which may lead to patients having difficulties sourcing specific products in the future.

What makes PharmaLink the partner of choice for pharmaceutical companies in Cyprus?

Through the years we have acquired a good reputation that circulated around through word of mouth and thus we are contacted most of times by companies wanting to cooperate with us which have asked around in the market and concluded that we are the first stop in their search for a logistics partner in the pharma business in Cyprus.

One of the main characteristics of our market is its small size. Excellence of service or shortfalls circulate around very quickly. Companies have to perform well and ensure that what they are claiming is their true capabilities. Businesses have to be honest, transparent, reliable and able to deliver high-quality services and this is the recipe for success and what PharmaLink is implementing on a daily basis. Moreover, since many of the MNCs decided to establish their affiliates on the island, they need less promotional services but continue to need distributors such as PharmaLink to store and distribute their products using our infrastructure and market expertise to their advantage.

Looking forward, what are the main investments that you have planned for PharmaLink in the future?

Considering the two main reforms happening in Cyprus at the moment, our main goal is to navigate through these new challenges and ensure that PharmaLink can capitalise on these opportunities to grow. We are now working on relocating within the next year to a bigger warehouse with state-of-art technologies, that would be specifically designed to fit both GeSY and FMD requirements. The year 2019 will be a tough period for the entire industry but I personally believe that we are ready for the impending changes, having prepared specific strategies and plans. Finally, we do ensure that our customers are very satisfied with our services and pricing thus we continue to grow.

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