
Executive Forecast
For Executives by Executives

Mission Health South Africa 2020



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Partnering with others to bring breakthroughs that change patients' lives

At Pfizer, we build partnerships with social entrepreneurs and organisations in communities throughout the world, with a strong focus on strengthening local healthcare systems and building capacity, including through primary healthcare delivery. Pfizer remains a key investor of the Unjani Clinics, a network of primary healthcare clinics that are owned and operated by black female nurses in low-income areas. These clinics are focused on offering accessible, affordable and quality healthcare to South Africans who are employed but cannot afford medical aid or private healthcare practitioner rates. Patients pay a R200.00 consultation fee for each visit, which includes medicine to treat their diagnosis.

The clinics offer all basic primary healthcare services, from treating common illnesses like coughs and colds to HIV and TB screening to family planning and sexual health. One of the network's most popular services is antenatal care. Fifty-seven clinics have ultrasound machines, which were donated by The Pfizer Foundation. In the past two years 27,000 ultrasounds have been done at these facilities, which have helped prevent emergency deliveries and ensured safe pregnancies. After delivery, patients then go on to bring their babies to the clinics for postnatal care such as immunisations and check-ups.

Since 2012, the Unjani Clinic network has grown to 70 clinics in eight provinces and provided over one million patient consultations. There are plans to establish 30 more primary healthcare facilities by the end of 2020 and at least 350 by 2025. This innovative model not only helps to alleviate the burden on our government's healthcare system but also empowers nurses to own and lead the effort in transforming the healthcare system within their own communities. All clinics in the network are given business support and ongoing coaching and mentoring in order to succeed and become sustainable.

At Pfizer, we are committed to collaborating with stakeholders who share the same ideals to support and expand access to reliable, affordable healthcare to those most in need.

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Breakthroughs that
change patients' lives

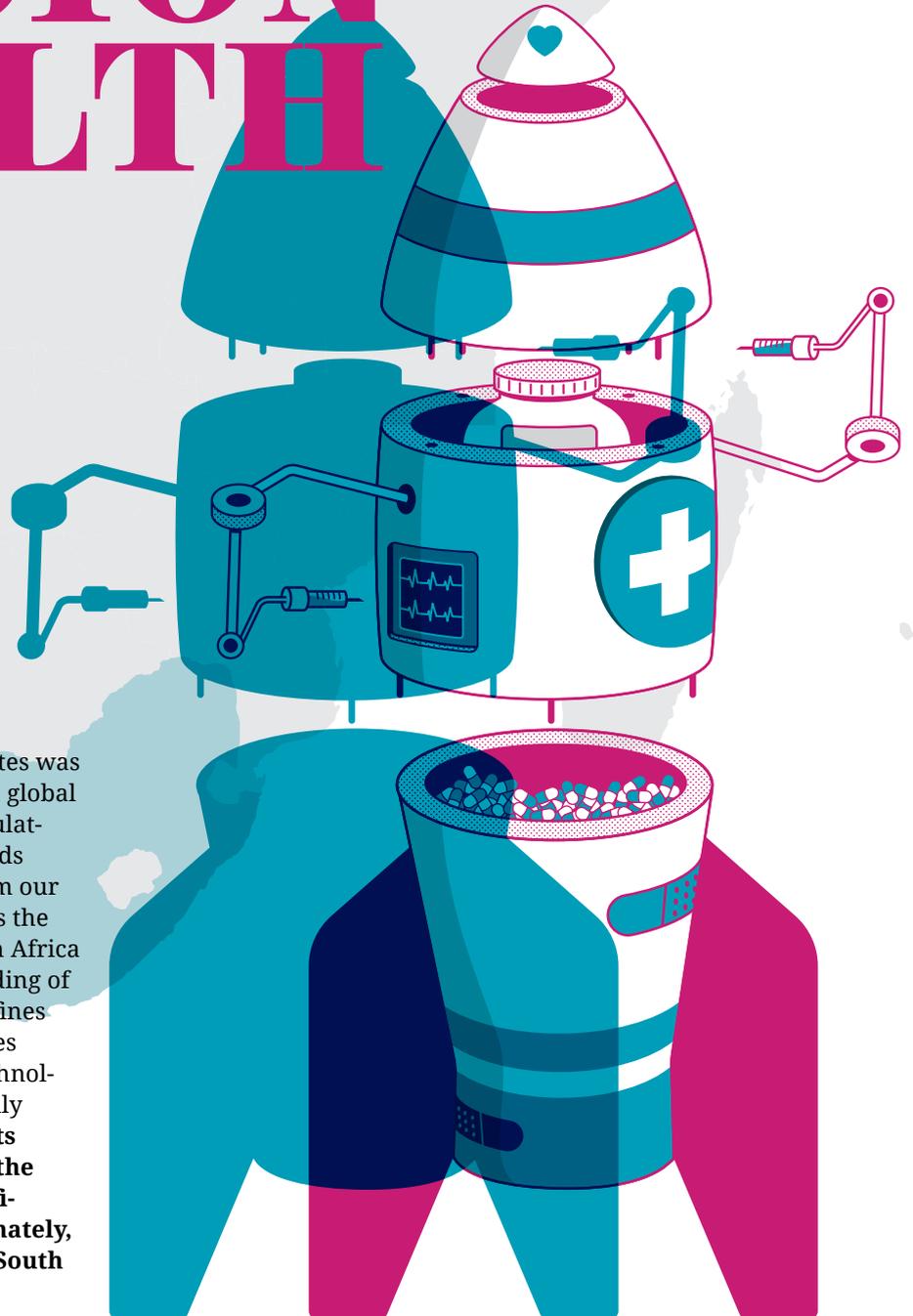


SOUTH AFRICA

MISSION HEALTH

—
“WE DIDN’T SEE THIS COMING,” WRITES BILL GATES IN LAST YEAR’S ANNUAL LETTER AS CHAIRMAN OF THE GATES FOUNDATION.
—

No, he wasn’t talking about COVID-19; Gates was referring to other surprise megatrends in global healthcare, one of the most complex, regulated and challenging sectors, which demands principled executives who can safely helm our Mission Health. Gates’ worthy list informs the 2020 edition of Executive Forecast’s South Africa report which covers a greater understanding of the true economic impact of health, redefines the catch-all term of “access,” and explores financing mechanisms, breakthrough technologies, and empowerment of the historically disadvantaged. **Mission Health highlights how we can work together to navigate the complexities in restoring investor confidence, attracting investment, and ultimately, achieving the “triple bottom line” in a South African context.**



RSA FAST FACTS — MOST RECENT FIGURES (2016), COURTESY OF THE WHO

56,015,000

TOTAL POPULATION

U\$12,240

GROSS NATIONAL INCOME PER CAPITA (PPP)

60/67

LIFE EXPECTANCY AT BIRTH M/F

>40

TOTAL PERCENTAGE OF CLINICS BUILT AFTER 1994

U\$1,148

TOTAL EXPENDITURE ON HEALTH PER CAPITA

8.8

TOTAL EXPENDITURE ON HEALTH AS % OF GDP

STRONG HEALTH, STRONGER BUSINESS

IF WE NEEDED ANY GREATER EVIDENCE OF THE MASSIVE IMPACT OF HEALTH ON THE ECONOMY, witness the single biggest market decline since the Great Recession of 2008, sparked by the COVID-19 pandemic. But the impact can also go the other way: *investing in health is always good business. South Africa's business and government communities understand that you can't invest in what you don't plan for—and you won't invest in what you don't understand.* Together, they're driving planning and greater understanding through formal and informal channels.

- “We are a proactive government and prioritize the people's needs. We are creating platforms for the private sector to participate and invest in the country.” shares **Thembi Siweya**, Deputy Minister of the Planning Department.
- “We have been pushing for investment and growth which is a critical issue in South Africa, as nothing happens without them,” says **Cas Coovadia**, Director of Business Unity South Africa (BUSA). *“It is a matter of changing the narrative and it is in our hands to do this, government, business and labor together. We need leadership that understands our role in the global economy* and what needs to be done to get our economy going.”
- **Stavros Nicolaou**, **Chairman of Pharmisa**, a South African industry trade-group stresses the importance of implementing structural reforms, and that the business community is fully



FEW PEOPLE ARE AWARE OF THE CONTRIBUTION THAT PHARMACEUTICAL COMPANIES MAKE TO HUMAN WELFARE.

DR KONJI SEBATI, CEO OF IPASA

behind **President Ramaphosa's** drive to restore governance, liquidity, and sustainability in state-run enterprises.

- **Risenga Maluleke, Statistician-General and Head of Statistics South Africa**, emphasizes the importance of knowing as much as possible about the population you're planning for. “We collect data from households, from industry, from administrative records from schools, clinics and police. Statistics must be independent, facts can be stubborn!” Maluleke asserts.



“There have been several initiatives championed by the President to encourage Foreign Direct Investment into the country,” says **Thulisile Manzini, CEO of Brand South Africa**. “These include the launch of the South African Investment Conference with a clear target of U\$68 billion over 5 years. Of the inaugural U\$17 billion investment, approximately U\$14 billion worth of projects are in implementation phase across different sectors. Last year's SA Investment Conference also saw an investment commitment of U\$21 billion pledges made from various investors.”

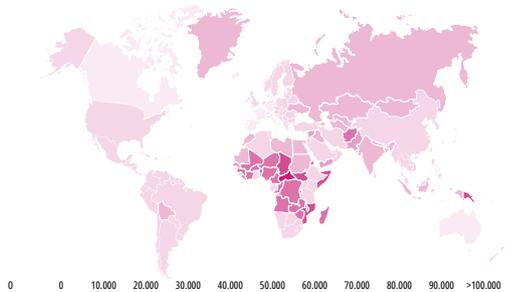
Manzini also points towards a new “One Stop Shop” concept which removes red tape for investors by providing more coordinated, streamlined, and professional services to companies, bringing together special economic zones, provincial investment agencies, local authorities, and government departments.

Talking about economic spillover, “there is a whole domino effect in coming up with innovative medicines and treating

patients,” says **Dr Konji Sebati, CEO of IPASA**, the Innovative Pharmaceutical Association of South Africa. “We create a virtuous cycle of life. Few people are aware of the contribution that pharmaceutical companies make to human welfare. Not only do their medicines save lives, it improves health, and prolongs and enhances quality of life, but medicines also reduce overall healthcare costs.”

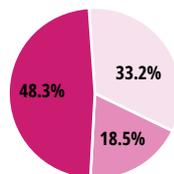
BURDEN OF DISEASE, 2017

Disability-adjusted Life Years (DALYs) per 100,000 individuals from all causes. DALYs measure the total burden of disease—both from years of life lost due to premature death and years lived with disability. One DALY equals one lost year of healthy life.

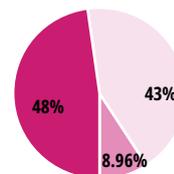


Two Countries, Two Tiers: A Closer Look at South African Healthcare

TOTAL SPENDING ON HEALTHCARE US



TOTAL SPENDING ON HEALTHCARE SOUTH AFRICA



■ Private spending on medical plans
 ■ Other private spending
 ■ Government spending

Data from 2014
 Source: <https://compareguru.co.za>

SHIFTING DISEASE MAPS, SHIFTING HEALTH PLANS

Africa has historically been the epicenter of a multitude of global health initiatives. Notably the world's largest publicly-funded antiretroviral (ARV) program, increasing life expectancy by over a decade, an unprecedented achievement that has led to unprecedented business opportunities. However, *partly as a result of its successes, the disease profile of the continent has been shifting—and its healthcare system along with it.* South Africa must continue to develop expertise in managing both communicable diseases and non-communicable diseases, whose treatments must coexist in a fragile balance. *Through collaborative know-how and coordinated effort between public and private initiatives, people on both sides of the equation believe it's possible to re-engineer the country's healthcare system.* The National Health Insurance (NHI), is a universal health coverage scheme being implemented over a 14-year period starting in 2012.

"These types of reforms have been done before in other countries and are working well," says **Rhulani Nhlani, Pfizer Cluster Lead of Sub-Saharan Africa**, echoing the general consensus among executives that the NHI is a good idea, in principle the challenge will be around funding and implementation in a market divided between public and private, with 80% of medical spending incurred by 15% of the population in the private market.

"We believe that it can work in South Africa," Nhlani continues. "The reason for my optimism is that *when a system is overhauled or reformed, it presents a unique opportunity to rebuild something that is better than anything that exists.*"

The government has given Nhlani just cause for his optimism, doubling down on its Commitment to NHI in the budget review. Minister of Finance Tito Mboweni announced that the Treasury reprioritized U\$3 million to the Department of Health to increase its capacity in phasing in the NHI and U\$1.5 million has been set aside for the National Quality



Health Improvement Plan, a project of the Presidency to improve the quality of healthcare facilities to ensure that they can be accredited for the NHI. An additional U\$200 million will be allocated over the next three years for medical students to complete their training."

Dr. Zweli Mkhize, Minister of Health of RSA, echoes Mboweni's focus on investment with a broad appeal to "further build infrastructure where needed, looking particularly at hospitals," and leveraging on entrepreneurs to drive innovation, which he says will be crucial to bridge the dichotomy in the system: "*On one side, it seems a first-world economy: successful, sustainable, connected, fiscally competitive with quality products; then, there is another side that has been left behind.*"

Two sides of the same coin

The disease profiles for the private and public healthcare sectors are very different. The fact remains that each system is specialized in its own treatment silos for unique disease profiles. **Dr. Ryan Noach, CEO of Discovery Health**, elaborates, "On the one hand, the private healthcare environment looks like that of a developed country's environment," with low rates of infectious diseases, including an HIV rate below 2%, and greater chronic diseases rates. In contrast, for the public hospitals, Noach says that "HIV and TB are the predominant issues concerning the public sector, with lifestyle diseases being an important secondary cause of disease burden."



Creating a future where disease is a thing of the past.

We are Janssen, the Pharmaceutical Companies of Johnson & Johnson. Bold thinkers. Big dreamers. Fearless advocates on behalf of patients. So that one day, the world's most daunting diseases will be found only in the pages of history books. Learn more at www.janssen.com.



South Africa is well on the way to becoming a globally competitive nation.

Seeking to accelerate and broaden economic and social benefits, address poverty, reduce crime and promote social cohesion by using our own competitive advantages and key positive attributes.



Inspiring new ways



REFLECTIONS FROM THE NHI CABIN

Dr. Anban Pillay, Deputy Director General for NHI reflects on the opportunities and challenges he faces.

Challenge: "Being able to provide a broad set of benefits within South Africa's resource limited market requires a highly efficient system, getting the cost of the goods as low as possible and at the same time making sure the population participates in prevention and health promotion."

Bright Side: "the benefit package designed is directly linked to the budget. Given that limitation, we can't design an NHI that is not affordable. We can roll out an ambulatory healthcare package that will be accessed by the entire population and will go a long way in providing healthcare to citizens that have no coverage at all."



NHI, Seen from the C-Suite



STAVROS NICOLAOU, CHAIRMAN OF PHARMISA:

"The South Africa healthcare scene has 2 fronts; the NHI dealing with the future of health, and the Presidential Health Compact dealing with the current issues"— a 2019 pledge committed to providing equitable access, increasing hospital and clinic capacity, and establishing well-staffed centers of excellence).



TARYN PURDON, GM OF PIERRE FABRE MEDICAL: "We need to work together in a collaborative way with a strategy for NHI. We must have a clear strategy with regards to the timing and implementation. NHI will most likely impact the providers and the hospital side first. However, NHI alone will not solve South Africa's healthcare problems. That can only be achieved through collaboration between NHI and other health services."



DR. RYAN NOACH, CEO OF DISCOVERY HEALTH: "It is an opportunity and we support a move towards Universal Healthcare. We must do something structural to change how healthcare works in South Africa and seize the opportunity in making a more robust system. We should leverage the strength of an excellent private healthcare system, not break it down. Private healthcare has been perceived as expensive in South Africa, but on a Purchasing Power Parity adjusted basis, we deliver some of the best quality healthcare that money can buy anywhere in the world."



SHELLEY HORNER, COUNTRY PRESIDENT, NOVARTIS SOUTH AFRICA: "The biggest issue is around what I call equitable healthcare. The two ends must be brought together while still allowing people to have a choice. In a democratic society, choice must not be removed."



DR. MORENA MAKHOANA, CEO, BIOVAC: "It is about evolution and adapting to that evolution. From a business perspective, we know we will always adapt to the new norm. I don't think NHI is a threat to business because these changes tend to be gradual. We will see the changes as they come and we will adapt as we go."

ACCESS A COLLECTIVE DEFINITION



“ACCESS” IS ONE OF THOSE WORDS THAT CAN MEAN EVERYTHING AND NOTHING ALL AT ONCE. IN THE SPIRIT OF CLARITY, THE TOP HEALTHCARE LEADERS WEIGHED IN ON ONE SIMPLE QUESTION: HOW WOULD YOU DEFINE “ACCESS”?



HELEN REES, BOARD CHAIR, SAHPRA: “Speaking from a regulator’s point of view, even if we have the best medicines in the world, if they are not made available to the populations that need them, they will have no impact. Our role is to ensure that the medicines in the country are safe, efficacious, high quality, and in public interest—this is what we must do, and if in executing this role we are not efficient, we become a barrier to access.”

ZWELI MKHIZE, MINISTER OF HEALTH: “Health access should not be compromised because of poverty, unemployment, or lack of medical insurance. We need to reduce what we call catastrophic payments which is the choice between either health services or buying food and household requirements.”

RHULANI NHLANIKI, PFIZER CLUSTER LEAD SUB-SAHARAN AFRICA: “For somebody in the rural area it might mean the ability to get the medicine to the area, the last mile challenge.”

PRIYA AGRAWAL, MSD SA GENERAL MANAGER: “To bring the best of our medicine, to each and every person: we cannot rest until we have figured out how to bring our finest achievements to everyone.”



ERIK ROOS, CEO, PHARMA DYNAMICS: “There are two levels:
1) Patient access to quality healthcare, i.e. information and value-added programs to educate on diseases and lifestyle changes
2) Medical access, i.e. bringing new molecules to market, cost-effectiveness, clinical trials, and outcome studies.”



FRANCISCO PLAZA MUÑOZ, MANAGING DIRECTOR OF JANSSEN SOUTH AFRICA: “The first A in Access is for Availability, and then, Affordability. We have to consolidate the regulatory process and clear the backlog which has caused significant delays in access to products, an even more complex situation than affordability itself.”

BARBARA NEL, ASTRAZENECA SOUTH AFRICA COUNTRY HEAD: “With the patient in mind, it means the availability of good healthcare, not just medication.”

DR. RYAN NOACH, CEO OF DISCOVERY HEALTH: “It is quality care, delivered at the right time in the healthcare journey, that is affordable to the person who needs it.”

TARYN PURDON, GM OF PIERRE FABRE MEDICAL: “Access means providing healthcare to people who previously did not have access to certain kinds of medication, but it also implies improvement of the tender process with regards to supplying medication. The running of tenders is incredibly important for providing medication to the patients.”

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**B-BBEE
LEVEL
CONTRIBUTOR**

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Pharmacies, More Than Just Points of Sale



“People need medicine, but it is still uncertain what the pharmacy’s role will be in an NHI environment,” says **Christo Rademan, Managing Director of Mediscor**, the company that since 2001 has been publishing the Medicines Review Report. “NHI will need to have a central system that will manage medication, whether it is government tender stock or pharmacy stock. *Building a central system that carries 60 million people is a priority, and only time will give clarity as to how the division of the provinces and districts will be done.*” Rademan expects that he can help provide some of that clarity. “We are the only company in South Africa that publishes on trends in South African medicine,” he adds. “We are a PBM (Pharmaceutical Benefit Management) company. We provide the ability for a funder to manage medicine, and provide instant access for members so they can walk into any pharmacy or any doctor without needing to pay cash. The insurance companies and funders know that any member can be attended to in a pharmacy or by a doctor, and the medicines would be supplied and funded electronically with no cash

needed. Our role is double-fold: on one side we provide access, and on the other side, the management capability at the back end.” Essential to these capabilities are the operational efficiencies that underpin them. **Michael Springer, Managing Director of PBSA**, says that automation solutions like the Gollmann Automated Dispensing Unit (ADU) that his company provides “are desperately needed in the pharmacy space, given the massive challenges that need to be addressed, e.g. the amount of time taken to dispense medicine, managing stock. Recently, a prominent pharmacy was in the news for dispensing expired medication—an indication that the monitoring of expiry dates is another pain point that needs to be adequately dealt with.”

Fortunately, Springer adds, *“the Gollmann ADU system completely eliminates dispensing errors, while speeding up the process of dispensing medication, from start to finish.”*

HEALTH TRANSFORMERS: AGILITY & INNOVATION

“We want to be known as best-in-class because of our agility and innovation,” says **Erika Koppers, former GM of Takeda South Africa**. She cites an exciting pipeline of 12 new molecules through 2024, across rare diseases, oncology, neuroscience, and gastroenterology. “We also make targeted R&D investments in plasma-derived therapies and vaccines,” Koppers explains. “Our currently marketed 14 global growth brands present a great window of opportunity for ICMEA, the Growth & Emerging Markets Business Unit at Takeda. Additionally, *we’re initiating the development of an anti-SARS-CoV-2 polyclonal hyperimmune globulin (H-IG) to treat high-risk individuals with COVID-19, while also studying whether our currently marketed and pipeline products may be effective treatments for infected patients.*”

As a leader with more than 75 years of experience in the development of plasma-derived products, it is Koppers’ hope—along with the rest of the world—that Takeda has the expertise to research, develop, and manufacture a potential vaccine. She says, “We have identified relevant assets and capabilities across the company and are hopeful that we can expand the treatment options for patients with COVID-19 and the providers caring for them.”



Patient Journey: From A to Z to AZ

Barbara Nel, Country President of AstraZeneca, is optimistic that the widespread use of mobile phones in Africa creates a great opportunity to increase access and reach. “We are working with an extremely young population, where everybody has a device,” she says. “Using digitization to ease the patient’s journey is an opportunity that we must respond to as an industry. A good example of digitization at the rural pharmacy level is virtual consultation—telemedicine.”

Nel cites the example of a patient complaining to a pharmacist about a chesty cough. The pharmacist uses an app to guide the patient through screening questions and then decides if there is a potential asthma-related complaint for which further a doctor consultation is required.

“With digitization we can streamline and link all the different phases of the patient journey, from the pharmacy, to the GP, to the specialist referral,” Nel explains. “This provides valuable feedback which informs decisions and guidelines that can shorten and ease the patient journey.”

Her company, AstraZeneca, is already working with partners to implement programs on prevention, treatment, and management of diseases across Africa. “An example is the app for diabetes patients for whom adherence to treatment is critical,” she says. “The app supports the patient in their treatment management and provides access to relevant information on the management of their illness, as well as access to a dietitian or a nurse, who checks in on their treatment management, and provides support.”

Better Health, Brighter Future

There is more that we can do to help improve people’s lives.

Driven by passion to realize this goal, Takeda has been providing society with innovative life-changing medicines since our founding in 1781.

As a leading global biopharmaceutical company, Takeda will always be unwavering in our contribution to bring better health and a brighter future to people worldwide.

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DOING NOW WHAT PATIENTS NEED NEXT

We are proud to partner with Transnet to bring the Phelophepa Healthcare Clinics to 70 rural communities annually across the country. Since the launch of the trains 25 years ago, approximately 14 million people have received quality healthcare.

What science can do

At AstraZeneca, we believe in the power of what science can do to transform serious diseases like cancer, heart disease, diabetes, asthma and Chronic Obstructive Pulmonary Disease (COPD). We also recognise that breakthrough science doesn't happen in isolation. It's the result of collaboration. This is why we work in co-operation with health care providers, governments, and communities to achieve the best possible treatment outcomes and offer programmes that advance patient health and access along the care continuum.

Healthy Heart Africa is AstraZeneca's signature commitment to healthcare access: an innovative and sustainable programme that aims to improve the lives of hypertensive patients across Africa.

In South Africa, AstraZeneca is partnering with the National Department of Health to deliver a National Hypertension Screening Programme to focus on early detection and diagnosis.

Our Phakamisa Programme brings together organisations to help raise awareness of Non-Communicable Diseases, and improve health outcomes for patients in South Africa, with a current focus on Breast and Prostate Cancer.

Working together with a broad range of partners we are implementing effective programmes that focus on prevention, treatment and management of diseases across Africa.

At AstraZeneca - our vision of tomorrow inspires our actions of today.



Activity ID: ZA-2022

Triple Bottom Line: Profit, People, Planet



A recent phrase encompassing profit, people, and planet, and planet in a more enlightened view of capitalism.

"In order for a business to sustain its growth, it must be profitable," says **David Gibbons, General Manager of Roche**. "And that is vital for any business," he adds, underscoring the fact that in the "Triple Bottom Line" without profit, it's challenging to move beyond to the other two priorities. Roche has championed this balance by doing its part: "2019 marks 25 years that Roche has collaborated with Transnet to ensure primary healthcare and disease awareness are brought to remote communities that otherwise do not have access to such facilities," says Gibbons, referring to the "*Phelophepa healthcare train*," a free, mobile healthcare clinic that travels to areas of rural South Africa where there is just one doctor for every 5,000 patients—and in doing so has been recognized as one of South Africa's greatest Corporate Social Responsibility initiatives, proof that companies can indeed "do well by doing good."

"Roche is leading the way to Personalized Healthcare with the aim of ensuring that every patient is able to receive a treatment that best suits them," adds Gibbons, and emphasizes that in this process, he expects costs to decrease for the healthcare system overall. "Gene sequencing, big data, immunotherapies, and gene therapies are all part of this mission. Our aim is to ensure that the same innovation that is brought to markets around the world also reaches the patients here in Southern Africa."

Ian Wakefield, General Manager at BD Africa, approaches the issue from a regional perspective. "Managing the triple bottom line successfully in Africa cannot be achieved from a desk," he insists. "My team, myself, and global visitors are on the ground to support the local teams, to ensure that they are not alone in this challenging environment. Unless you go out and see for yourself, you cannot impactfully make a change. There are many nuances at the country level. For example, Nigeria and Ghana are close to each other but are radically different. If your only perspective is from the desktop in Johannesburg, it's much more difficult to be successful."

Next Exit: Price

In order to control prices—and ultimately profits—while establishing transparency in the private market, the government introduced Single Exit Price (SEP) in 2004, which lists a maximum price for all prescription medicines, though dispensers, in some cases, charge an additional dispensing fee. The upshot? Companies with efficient logistics and distribution stand to gain a massive advantage.

"While the South African healthcare landscape can be difficult to navigate at times, logistics plays a key role in enabling efficiency and access for the end customers," says **Vikash Singh Managing Director of UPD**. "In light of SEP, our service in logistics differentiates us as a company. While UPD still services distribution and logistics to the Clicks Group, we have expanded to take a broader role in healthcare and today we have almost 75% market share of the public and private hospital distribution in the country."



From Price to Value — And Beyond

“We need to build a value-based healthcare system by understanding the needs of the country—it’s a different concept,” says **Francisco Plaza Muñoz, Managing Director of Janssen South Africa**. “In order to incorporate the benefits of innovation, there needs to be a balanced dialogue with relevant stakeholders on what value means, and that involves more than cost or pricing. We should be looking at the complete patient journey, at the impact on mortality and morbidity, at how side effects and costs associated can be reduced,” Muñoz says. This broader perspective includes ways for innovation to reduce or eliminate the need for second-line therapies. “Treatments can no longer be evaluated by looking exclusively at the cost of a given medication,” Muñoz clarifies. “The whole patient journey must be considered and discussed carefully with our critical stakeholders.”



Currency Risks (and Rewards)

“We don’t always need to import from first world countries at an unaffordable cost,” says **John C. Norman**, who transitioned from Takeda in 2017 to become the current **Regional Director of English-Speaking Africa for Acino**. “There is no doubt that South Africa is facing strong economic headwinds. The exchange rate is declining and over a period of time the Rand will weaken further on average. Therefore, we must not get too exposed to foreign exchange. We can do this in a number of ways: local manufacturing and local acquisitions.” Norman identifies Acino as an example of local focus resulting in better, more sustainable businesses. “We have a very localized strategy that differentiates us from other multinationals. We are a multinational, but we act as a local company as indicated by our BBEE level 1 rating,” he says proudly. “Our business diversity allows us to balance, where if one aspect of our business is not doing well, we can shift focus. At the moment, there is an increased focus towards our medical device company as it is currently quicker to launch medical devices that are CE certified. *All of this makes us an ideal partner for multinationals that are looking for a local Pharma Company to launch their products.*”

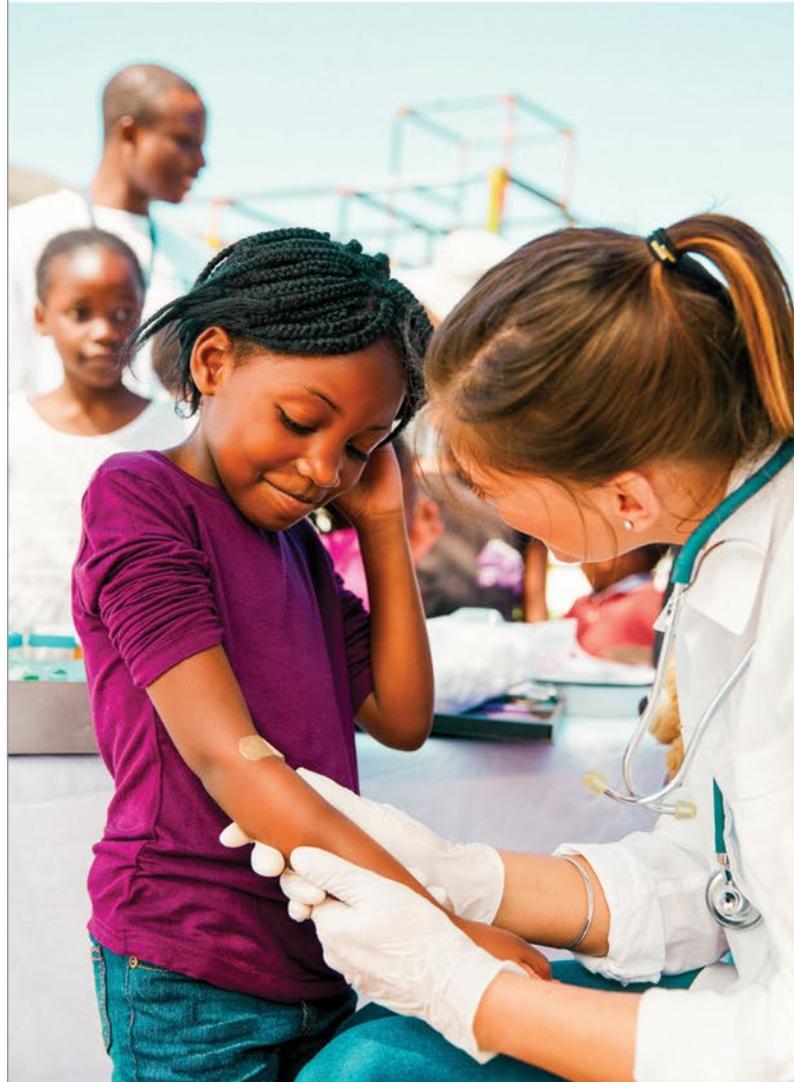
This diversity is supported by Acino’s Mission 2020, a global initiative to think differently and transform the business. “The principles behind Mission 2020 make up our DNA,” Norman says, citing his recent challenge given to 11 teams across his organization to come up with ideas on topline, managing expenses, and improving productivity. “We live in a stressful society, so we need projects that help manage stress and keep people motivated. We have initiatives like company training days. The results are exemplary,” Norman concludes.

QUICK TIPS FROM THE TOP



Ashley Pearce is Managing Director of Adcock Ingram Pharmaceuticals, among South Africa’s largest local pharmaceutical players. He gives three quick tips on how to make the country’s healthcare more sustainable:

- 1 An agreement for local manufacturing of strategic products that consider RSA’s disease burden: ARV, cardiovascular, TB, Malaria, HIV, diabetes. There should be an agreement for 25 to 30 of the most important molecules to be manufactured locally.
- 2 Longer tender runs, preferably lasting between 5 to 8 years.
- 3 Strategic pricing for local manufacturing, with a band of 20% of the price of imported goods from China and India to incentivize more local presence.



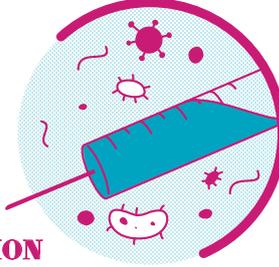
Engineering success. Pioneering healthcare.

At Siemens Healthineers, we are passionate about enabling healthcare providers worldwide to deliver high-quality patient care, and to do so affordably.



VACCINES:

A SHOT IN THE ARM FOR PREVENTION



“When we first started working in global health, we were shocked to learn how many children in low-income countries were still dying from diseases that could have been prevented with vaccines,” says Melinda Gates, co-founder of the Bill and Melinda Gates Foundation. Africa accounts for more than half of all deaths due to Vaccine Preventable Diseases (VPD), and with over half a million African children under 5 dying from VPDs every year, the continent has been a central vaccine focus for international organizations like UNICEF and the WHO.

But more is needed than merely international aid. “African countries are donor-dependent to the likes of UNICEF and GAVI. By virtue of the procurement being done through UNICEF (and not by the governments themselves), companies like **Biovac** do not have direct access to the countries,” says **Dr. Morena Makhoana**, the company’s CEO. Makhoana heads the only domestic vaccine manufacturer in southern Africa, which started in 2003 from a public partnership when the South African government realized the need for a local vaccine-manufacturing presence. Biovac currently supplies South Africa’s own vaccination program, EPI, while partnering with other private players. “For public-private partnerships to work, 25 to 30 years are needed in order to build the capability that the government on their own would not be able to build,” Dr. Makhoana stresses. “It must be a long-term commitment.”

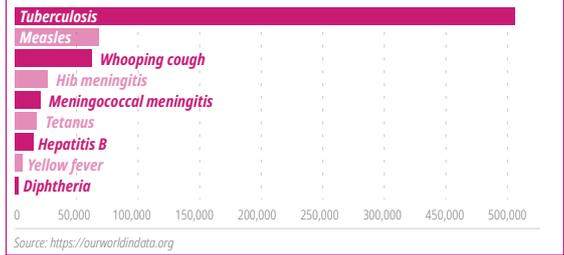


Pfizer is one such partner who, alongside Biovac, is building up local manufacturing capacity for a pneumococcal vaccine—which could be responsible for eliminating up to 400,000 preventable deaths worldwide each year, with 275,000 in Africa alone. “We will contribute to continued security of supply of the pneumococcal vaccine, thereby continuing to make a significant impact in the reduction of childhood pneumonia in South Africa,” says **Rhulani Nhlaniki**, the company’s **South Africa Country Manager**.



Another such partner, **Merilyn Steenkamp, GM of Sanofi Pasteur SA**, elaborates, “Our long-term partnership with Biovac is essential to continue to build on our expertise and capability within South Africa.” As the market leader in Africa, **Sanofi Pasteur** currently supplies a range of vaccines that cover 17 different communicable diseases while also being the first in Africa to launch acellular pertussis combinations and conjugate meningitis vaccines. “The technology transfer to Biovac is for the most innovative vaccine globally, as it covers six diseases in one vaccine,” Steenkamp says. Regarding the market share of vaccines, **Dr. Makhoana** highlights that vaccines used to represent 2% of global pharma sales and have now risen to over 5%. “It still continues to be very small,” he says. “However, it will continue growing over time as we shift to a preventative approach to healthcare.”

DEATHS CAUSED BY VACCINE-PREVENTABLE DISEASES, SUB-SAHARAN AFRICA (2017)



Source: <https://ourworldindata.org>

There is additional economic spillover linked to vaccines’ preventative potential. In Africa alone, VPDs result in an estimated \$13 billion annual burden on the already stressed healthcare system. Additionally, Pfizer’s Nhlaniki emphasizes, “The technology transfer process has enabled significant knowledge transfer, job creation, and direct investment, strengthening South Africa’s standing as a research and development hub in Africa.”

There have been considerable investments in other areas of Africa. In regards to the global polio initiative, Steenkamp details Sanofi Pasteur’s efforts: “We are the number one partner to the Global Polio Eradication Initiative, and in the past 10 years, we have delivered 1 billion doses of polio vaccines globally, including Africa. Sanofi Pasteur is in partnership with various stakeholders on the continent. One of our strongest partnerships is with the WHO where we are stockpiling to help with outbreak control.” However, manufacturing vaccines is still a tricky business. “Production and supply of vaccines can still be quite complex,” Steenkamp cautions. “A single product can take up to 36 months to manufacture and supply and distribution can be a challenge. Long term commitments with governments and partners are imperative to ensure sustainability of vaccines.”

Sandra Lambert, current **Managing Director of Baxter South Africa**, and former **Chief Commercial Officer for Biovac**, notes that “with local manufacturing, the only way to reduce your costs is to increase volumes—basic economies of scale. In order for Biovac to be competitive 5-10 years from now, they need to supply vaccines to expand their reach in Africa. Local manufacturing of medicines is incredibly important for Africa”.



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SANOVI PASTEUR 

Reference 1. World Health Organization. Immunization Coverage. Available at: <http://www.who.int/mediacentre/factsheets/fs378/en/>. Last accessed October 2019

SAZA.HECE.19.12.0478

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THE ONGOING HISTORY OF BLACK HEALTHCARE



The Clinix Health Group is the latest link in a proud chain of tradition, when activists like **G.M. Pitje** and **Dr N. Motlana** strove to provide accessible healthcare to disenfranchised communities. "I came later and am now part of the journey they began when I was given the opportunity to invest with them back in 1992," says Clinix's founder, **Dr. Khamane Matseke**.

Now operating several hospitals in historically underserved communities, Clinix provides affordable, high-quality, primary to tertiary care. To expand access, they have heavily integrated technology; from remote health-status monitoring to minimally invasive surgeries, technology is transforming the cost and quality of healthcare Clinix provides.

"Because of gadgets such as cell phones and watches, patients are able to monitor health status remotely," says Dr. Matseke, adding that doctors are also able to access such information remotely. "This sees us moving into a future where a large percentage of our medical needs can be catered for without even having to physically see a medical practitioner." The biggest challenge, Dr. Matseke notes, is people. "The younger generations adapt quickly, however for older people, technology is more difficult to trust. Going into the future, healthcare providers also have change the way we are doing things."

In addressing the importance of government collaboration, Dr. Matseke says, "In Limpopo, we had a partnership with the Department of Health where a Dialysis Centre of Excellence was established. It is our belief that the future of healthcare lies in cooperation between the Public and Private sector." He believes that the government still needs to continue in its vital role to train medical personnel and specialists, but that there are also opportunities for the private sector to assist in teaching and training, and that the presence of Clinix hospitals in lower-income areas produces further downstream effects. Citing the economic spillover of Clinix, Dr. Matseke states, "We not only employ local people; we also expose communities to a very varied skills development opportunities. When providing for a healthy community, there are returns which are guaranteed on many levels, for a very long time to come."

RIGHT MEDICINE, TO THE RIGHT PATIENT, AT THE RIGHT TIME



"With the whole supply chain, there are often unforeseeable consequences," says **Carel Boucher, the General Manager of Clinigen South Africa**, a group that brings together five synergistic businesses focused in three areas of global medicine supply—clinical trials, unlicensed medicines, and licensed medicines. "You might have a factory burn down or have difficulties with the regulation. Anything can happen." However, it is under uncertain circumstances where Clinigen is specially qualified to help. "If a product is discontinued, we would like to provide a solution or to take it over even if it's for a smaller market. If a supplier is out of stock, we would partner and provide access to that medicine for the period that they're out of stock," Boucher explains. Clinigen also specializes in medicines that are currently not licensed but are often safely prescribed for rare or pediatric conditions and that often requires collaboration with the government. Boucher elaborates, "When there's a local supply that's out of stock, we work with the government to provide access for those lines for that short period of time." He adds that Clinigen has grand plans for overcoming South Africa's supply problems: "The aim going forward is to be able to press a button and source that medication globally."

CLINIGEN

SANOFI'S FORMULA FOR SUCCESS

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FOR THE FRENCH
BIOPHARMACEUTICAL
GIANT SANOFI



**THIBAUT CROSNIER LECONTE,
GM OF SANOFI SOUTH AFRICA**

"There are the 3 pillars of access: equity, efficiency, and education."

EF: YOU HAVE SEEN HEALTHCARE CHANGE SUBSTANTIALLY IN THE THREE YEARS YOU HAVE BEEN GM FOR SANOFI IN RSA. HOW HAS YOUR MISSION EVOLVED?

TCL: One of South Africa's main challenges is the way the healthcare system is structured. The private sector caters for 8 to 9 million people while the public sector provides for the rest of the 47 million people. The private system is similar to the US system. The more one pays, the more one can access innovation and technology.

EF: HOW DOES SANOFI'S PORTFOLIO CATER TO THE SOUTH AFRICAN DISEASE MAP?

TCL: We have a diverse product portfolio which seeks to address South Africa's healthcare needs in key therapeutic areas particularly Diabetes, Mental Health, Tuberculosis, Rare Diseases, and Vaccines. There has also been an explosion of non-communicable diseases like diabetes, and Sanofi is well positioned to play a meaningful role in combating these emerging diseases.

EF: HOW DOES SANOFI ENSURE SECURITY OF SUPPLY IN SOUTH AFRICA?

TCL: For years we've focused on affordability. However, for the new innovative therapies, affordability becomes a challenge. This will be a key consideration during the NHI transition. We have a local manufacturing facility which addresses a major public health need, i.e. TB. *With our local plant, we can respond quickly to the demands of the country.*

EF: HOW CAN TECHNOLOGY ENABLE EFFICIENCIES IN THE SYSTEM?

TCL: In 2018, Sanofi introduced Vula Mobile to the National Department of Health (NDOH) and was easily accepted and put to use in all provinces. Vula Mobile is a medical referral app that makes it easy for GPs & primary healthcare workers to get advice from specialists and refer patients to them. The aim of the app is to give health workers – particularly those in remote rural areas – a tool that helps to get patients quick and efficient specialist care. Consequently, the demand for specialist services is reduced because HCP's at lower levels can manage patients without the need for upward referrals.

EF: WHAT SORT OF IMPACT WOULD YOU LIKE TO ACHIEVE IN YOUR SOUTH AFRICAN TENURE?

TCL: Whatever I do must have an impact on healthcare and on patients, not only through the supply of medicines, but through supporting the healthcare system. I'm striving to have an impact through empowering medical officers with education and helping the government improve efficiencies for the benefit of the patient through investing in innovative ways to reach and service the patient irrespective of their geographies. *Sanofi has a legacy of forming partnerships. My ambition is to strengthen this partnership paradigm to have an even bigger impact on patients and their quality of life.* The launch of a new treatment option for latent TB is a prime example of such a partnership with the government and various other stakeholders. Patients will now have access to an innovative treatment solution that shortens a 12-month treatment to 3 months. This medicine will be a game changer for patients with latent TB as it is a simplified regimen which will make it easier for both HCPs and patients in managing their treatment.

5 FACTS ON WALTLOO PLANT

1 Waltloo produces the **full range of tuberculosis treatment** medicines combining up to 4 different drugs in one tablet. **70% of the volume** of TB

medicines is produced for the public sector

2 The site is recognized as a **global center of excellence** for the production of anti-tuberculosis medicine, which is **exported to 13 countries** including Europe, Australia, UK, Brazil.

3 In addition to the production of TB, the site also **produces medicine for epileptic disease** and medicines for central nervous system, with a dedicated complementary medicines facility for the production

of consumer health product range.

4 In the last 5 years, Sanofi has **invested approximately R27 million** in expanding and upgrading infrastructure to increase manufacturing capacity for TB medicines.

5 The expansions at the factory has resulted in Sanofi being able to retain and create **new employment opportunities, for 300 employees.**



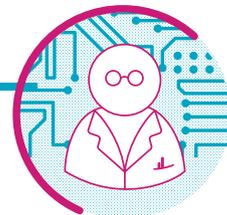
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Chief Technology Health Officers

South Africa's innovation profile is supported by global indicators such as the Good Country Index, where it ranks 18th out of 163 countries for Science & Technology—but in the area of medical technologies, South Africa has traditionally been a distributor market.

"The main product areas in terms of value is general consumables, diagnostic imaging, and then orthopedics and prosthetics," says **Tanya Vogt, Executive Officer** of SAMED, which represents over 160 medical device companies that serve a market expected to grow from US\$72 million in 2018 to US\$99 million by 2022. "Our market ties in quite nicely with our disease burden," she adds, "because diagnostics is needed for TB and HIV, more so now that in non-communicable diseases, we are seeing a huge increase in diabetes, obesity, hypertension, and cardiovascular."

Yet, at its foundation remains the need to not lose sight of the most fundamental aspects of health.

"From an African perspective, it is about basic healthcare needs at a primary care setting that will impact patients' lives in the long term," says **Ian Wakefield, Africa General Manager** at BD. "Many Africans don't have access to that right now. If we could provide access to as many patients as possible, we will change the lives of Africans, thereby impacting productivity and quality of life. It's great to have innovative technology to provide a solution for a sophisticated disease area, but Africa's needs are much more basic. For example, there is need for preventative interventions such as cervical cancer screening and for the delivery of basic healthcare services such as providing education and treatment to diabetic patients. If that level of care is provided, we could truly elevate the lives of Africans."

Mark Flint, CEO of Siemens Healthineers South Africa, speaks to the importance of technology as process, not just product. "When a person goes to a public hospital they are registered, tests are done, and prescriptions are given," he says. But, if a month later there is follow up at another hospital, "the patient has to be registered again, get another CT scan, another prescription for drugs, etc. We need to have a system where the patient data can be viewed at all the state hospitals through South Africa. The medical history of a patient that lives in Cape Town should be instantly accessible in hospitals in Pretoria or Johannesburg if the patient happens to have an accident there." Flint suggests that NHI has the potential to dovetail with his sensible vision of the future. "It's going to happen because today there are 40 million people without access to care, and this is a huge challenge. In Limpopo, there is no mammography machine in the whole state and the mortality rate for breast cancer is high. Innovative solutions can be found, such as mobile breast-screening clinics that transmit data by 4G or satellite, giving a pool of doctors access to data that can be sent anywhere. "The productivity that comes out of this is enormous, saving people's time and resources."



"We did it in the past," says Sandra Lambert, MD Baxter South Africa & SADC Region. "We eradicated smallpox. How did we do that? Many years ago, with none of the technology that we have today. Every person got vaccinated. I do believe it's just a matter of commitment." Lambert has seen it first hand: in a remote village in the middle of Uganda, all the villagers have a mobile phone. "How is it possible that we've made smartphones reach everyone's hand, but we haven't been able to make healthcare reach everyone?" she asks. "Surely the infrastructure for mobile technology had to be created? I think that this is because the focus has to been 100% dedicated to healthcare."

Lambert has given a lot of thought to the right PPP (private-public partnership)

models that might inspire such effective interventions. “When you know what the need is, then you know how to build a public-private partnership that will work,” Lambert says. “People don’t often take the time to understand the country, the issues. Sometimes it’s so simple but it can make a huge difference. Sometimes the PPP offer is so complicated that it will never be able to be implemented. I like to build PPPs that actually add value.

“What I would like to see is PPPPs: private-private-public partnerships. I wish there were companies that would sit down together and contribute complementary products/services. If we collaborate with other companies and go to the government together, we can make such a difference.”



BUSINESS MODELS, REMODELED

“We need business models that will help foster a deeper sense of human satisfaction and purpose at work,” says **Amanda Wilde of Umsinsi Health Care**, the first South African company to adopt the UK John Lewis Partnership Business Model, a co-ownership structure where employees democratically help determine several key aspects of the business. Wilde explains that the model was originally set up to achieve social-class reconciliation, and Umsinsi—a licensed Medical Device Company and Social Enterprise dedicated to providing innovative, cost-effective products and services, while achieving fairness and reconciliation in the healthcare industry—has successfully applied it to the persistent challenges of social class, race, and gender in South Africa. This socially-driven business model has resulted in initiatives like the Love Skin Campaign, an initiative focused on the varying responses of different skin types in wound healing and wound care. Wilde notes, “We would appreciate investment, support, and people behind us, who understand that placing social objectives first will help achieve improved business outcomes. Because they are intrinsically tied together.”



A LOCAL STAR

Joseph Phetla is Founder and Director of Langamedics, a medical device company specializing in orthopedics, just one shining example in the constellation of local stars in the homegrown industry. “We have brought a Black-owned company to fruition in South Africa, leading the way for other companies and for the development of the country,” says Phetla, noting that there’s plenty of room for growth, since **86% of South Africa’s medical devices are currently imported**. Langamedics aims to reduce this imbalance with an increase in domestic manufacturing. Phetla concludes, “Being local players, we understand how to meet the needs of South Africans at the grassroots level while providing world-class quality of product and service.”



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SATELLITE QUESTIONS



Vikesh Ramsunder – Clicks Group CEO

EF: You grew in double digits in 2019. What is Clicks' secret to such growth in a time when the rest of retail is down?

VR: "Mindset and leadership are most important. With a negative mindset, costs are cut and there is no belief in the future of South Africa. In my mind, irrational decisions result from the wrong mindset. I am a South African and I understand the dynamics of the country. I am aware of all the challenges we face. However, these challenges have been around for the past decade. You can either complain or adapt to these challenges. Today, the most important thing to a consumer is value, so we work to save our customers' money. We are the most affordable healthcare retailer in the market. We have invested and increased our efficiency, which allows us to pass on savings to customers. There have been, on average, 40 new shops opened a year over the past three years and we continue to take market share.

We have a threefold strategy around retail:

1. Convenience. This is why we open up new stores.
2. Differentiation. A large share of our business is private labels and exclusives (more than 20% of our sales). We spend an enormous amount of time and money on our own-brand products.
3. Loyalty. Our ClubCard programme currently has more than eight million members.

Our mindset is on growth and we have strategies to ensure our business continues to grow."

Vikash Singh – Managing Director of UPD (United Pharmaceutical Distributors)

EF: What are some skills that are transferable from healthcare to other sectors of the economy? Are other sectors aware of the importance of healthcare to the general economy?

VS: "I believe logistics can add a substantial amount of value to the broader supply chain of the country. Employees **dealing with medicines at a UPD warehouse have a very specialized skillset. Due to the temperature control, timing, and regulations surrounding the job, these employees are overqualified for logistics in other areas since pharma is at the top end of compliance. We have started the UPD Supply Chain Academy in the company with the aim to train people and receive a formal qualification. This qualification helps them to be re-employable in the healthcare supply chain as well as other supply chains.**"

Heindrich Pienaar, Regional Lead Africa & Middle East at PPD

EF: What do these operations represent for PPD global in terms of strategy, access to market or revenue?

HP: "Africa is still the place to find treatment-naïve patients in comparison to the rest of the world. Africa has a large pool of patients and many countries have first-world medical facilities. I have been in this industry for a long time, and the challenges we have had in the past in Africa no longer exist today. We now have excellent sites, as well as experts and key opinion leaders in many therapeutic areas. Many of these African countries have clinical research sites just for conducting clinical trials with excellent infrastructure and equipment. South Africa is the gateway to conducting trials in central and southern African regions, as well as the Indian Ocean Islands. We have a strong predictable and enabling regulatory environment, which is a very satisfying environment to work with. Conducting the trials in lower- to middle-class countries really increases research standards, and also brings health improvements to the countries where the trials are done. As there is no access to some medications in these countries, trials serve as a gate for post-trial access, which is standard procedure for regulatory authorities. This has great impact on the patients in those countries. CROs have a huge role to play in Africa because of the populations and type of country we service, which of course is great news for us."

Priya Agrawal – Managing Director for MSD - South Africa and Sub-Saharan Africa Cluster

EF: What are the trends that you see will have the biggest impact in our sector?

PA: "I think the most obvious one is the impact of big data and digital business. They are interlinked and have the potential to really transform health in a fundamental way. There has been a lot of focus on the power of digital transformation in the developed countries, but it is in this continent and countries like ours where digital can help us really leapfrog. Already in many African countries, a whole generation jumped from no internet to accessing internet on their phones – completely leapfrogging dial up on their desktops. This is where data and digital can enable a fundamental shift in how we seek and provide healthcare. Here is where digital and data could help a shift to prevention before treatment. Digital could really enable a huge leap in health literacy. Better use of big data could enable evidence-based policy and decision making. It's a huge opportunity. There is a lot of digital innovation in South Africa and also on the continent, a lot of which is not being recognized or integrated at scale. In South Africa there is an opportunity with NHI to enable scale of many of these innovations for improved health. It's a very exciting time to be in this sector. I (and MSD) are invested in a healthier Africa and look forward to partnering with others towards the goal of helping Africans live longer and healthier lives."

Ivan Leon Saltzman – Founder of DIS-CHEM

EF: Since you and your wife founded Dis-Chem in 1978, how have you seen the healthcare and pharmacy sector evolve?

ILS: "In the past, the majority of our profit came from the medicines we sold. Today, we depend on the front shop for profit while the pharmacies cover their own expenses. Once the customer comes in for a prescription, we can sell them anything. The advent of SEP changed our strategies from discount medicine focus to a front shop focus. In the past, to open a new pharmacy, you had to be a registered pharmacist. Today our main competition is other corporations. The two big changes in healthcare for us are the competitions of non-pharmacists and the introduction of the single exit price (SEP) and we have adjusted to both those changes."

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AFRICA

