

Interview with John Fagan, General Manager, Sanofi SA

07.12.2011

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Since we that came to South Africa in 2005 and interviewed you, what have been the main changes both in the market place, and within Sanofi as an organization?

The healthcare market has seen a major shift in the way the pharmaceutical sector and the South African government engage with regards to how the future market will evolve. The good news for everyone is that health legislation has been passed for the future healthcare model for South Africa. Often people ask for opinions regarding how the future model will be shaped.

There are some trends that can also be classified as global trends about patents and generics. The majority of the volume of the South African market is generic and moves towards consumer healthcare. These are the typical trends one sees around the world.

How has the affiliate performed in 2011 and what have been the main growth factors?

Globally, Sanofi has done very well, especially in the emerging markets, in South Africa we are seeing a growth of at least 15% today, which is a lot higher than our average market growth.

The international direction Sanofi has had in mind is that, being a diverse healthcare player, we find that no particular product will be more than 10% of our sales. In that sense we have the most diverse pharma portfolio in South Africa, we are involved in everything from vaccines, to tuberculosis to antibiotics.

In an emerging market, one aspires to have a presence in vaccines and in anti-infectives, that is the ideal portfolio that can address the specific needs and disease burden of an emerging market. We have franchises in oncology, diabetes and cardiovascular. South Africa has one of the fastest growing generics divisions in the group, and that is a very pleasing element of the operations of a multinational company with an R&D background which has launched a generics division.

With Sanofi Pasteur, the group is one of the leading pharma companies in South Africa in the vaccines area. Could you tell us about Sanofi's involvement in that area?

Sanofi Pasteur is the vaccine market leader in South Africa, with the broadest range of products covering the needs of both the private and the public market. In the private market Sanofi Pasteur aims at improving adults, travellers and children's vaccination status by raising awareness and by making appropriate vaccines available. In the government Healthcare sector Sanofi Pasteur has had a very productive relationship for over a decade with the Litha Healthcare group. This includes a private-public partnership with the government to develop and manufacture vaccines for South Africa and its neighbouring countries. This partnership, which is fairly unique in our group, provides vaccines for the national paediatric immunization program (EPI) as well as for the broader public health needs of the country (e.g.; outbreak and mass immunization campaigns, seasonal and pandemic flu responses). This involvement is consistent with the company's mission of contributing to a world in which no one suffers or dies from a vaccine-preventable disease.

One of the challenges worldwide for Sanofi is the Loss of Exclusivity (LOE) issues. In South Africa, generics can enter the market the very day of the patent expiry. How do you assess Sanofi's capacity to reinvent itself in the market?

Maybe in an unusual way, the best thing that has happened to Sanofi South Africa was that our pipeline did not deliver. We came to terms with the fact that we were not going to launch two new chemical entities every year. We, in turn, launched a local business development unit that searches for business opportunities which Sanofi can invest in, in order to grow our businesses. From this initiative we have developed both a Generic & Consumer Healthcare franchise, which has made our Generic business model different. We have launched generics of our own products coming off patent, forming strategic alliances with other Multi National Corporations (MNC) whose products will also be coming off patent - and we have become the MNC company of choice if you want to launch a second generic, owing to our expertise and trusted product quality.

We have also launched offensive generics from other MNC's products. We have had our own clones launched, along with clones of other MNC's thus, we have had a three prong generic approach.

We look at expanding our business in consumer healthcare. A few years ago we made a bold move for a multinational company and locally acquired a nutraceutical company. The local acquisition is complimented by global acquisitions of Consumer companies in the US and in Australia. It gives us a powerful product base to work from and a strong footprint in the market.

How are you preparing to the National health insurance (NHI)? We start seeing the shape of it, with the Green paper submitted for public discussion. What opportunities or challenges do you see with the introduction of the NHI for Sanofi?

One can not criticise what the NHI stands to achieve, especially considering the political past of South Africa, the time has come to have equal healthcare for equal needs, we have to improve the equity in healthcare. It NHI has some major challenges to implement and all healthcare stakeholders will have to play a constructive role. The issue is how and when to do it. In the past few months in particular, the government has been very mature and realistic when facing the large challenges that come with this initiative, mainly in funding & human resources. Hopefully, we are going to go on a well thought out path that will lead us to the right place.

Tuberculosis kills 47 persons a day in South Africa. Sanofi ensures the patients comply with their treatment to ensure a positive clinical response. It seems that delivering drugs to the market is not enough as far as tuberculosis is concerned. To what extent does Sanofi act as an TB educator in this country?

To realise that over 47 people in South Africa die every day of a very curable disease, and knowing from the World Health Organisation (WHO) that 85 people out of 100 who take and complete their TB treatment for 6 months, will be cured – one understands that the grim TB statistics in SA are due to lack of compliance with treatment. South Africa's Department of Health (DOH) adopted the WHO's Directly Observed Treatment (DOT) TB Control strategy which is aimed at increasing TB treatment compliance.

To support this, Sanofi partnered with the DOH to form an initiative called TB FREE, which was implemented countrywide through a donation of €15million by Sanofi. In the last six years TB FREE assisted the DOH by training over 55,000 DOT supporters who assist TB patients to ensure compliance and completion of their TB treatment. TB FREE also employed TB education and awareness programmes as part of its support to the DOH's TB Control Programme.

Last Week was the world day for AIDS, at this occasion President Zuma has launched the new National Strategic Plan (NSP) for HIV and Aids 2012 – 2016. What role can play Sanofi in the fight against serious diseases, TB and AIDS?

Sanofi is one of the few Multi National Company (MNC) with a manufacturing plant in South Africa. That plant manufactures both TB products and ARV's.

Also, Sanofi will soon be implementing another partnership initiative with the DOH which will help to address the challenges the Department has in managing the so called twin diseases, TB and HIV/AIDS, which is largely due to patients getting to health facilities very late to test for these diseases and obtaining treatment for them.

Our new partnership project with the DOH will take testing and treatment to households, where families who are known to have TB patients, will be tested for TB and HIV/AIDS, and initiated on treatment in their households. This will assist with early detection and treatment where necessary, thus decreasing the spread of these diseases and deaths due to late detection and treatment.

We also understood that one of the greatest needs in South Africa was to assist the orphaned and vulnerable children. Their issues are complex since it ranges from taking care of them, to their health, education, safety before and after school. We built a children care centre known as Ikhaya Lethu - Our Home in a rural village in Kwazulu Natal to assist orphaned and vulnerable children affected and infected by TB and HIV/AIDS. The Ikhaya Lethu - Our Home care center caters for 75 orphaned children on a daily basis providing nutrition, education and safety as unfortunately the rural areas are often forgotten in the developing world.

We opened Ikhaya Lethu - Our Home care center with the help of the Health Minister in October 2010. Following this we are now working with the Department of Health of Kwazulu Natal to build a primary healthcare care clinic in Manxili a rural area which has no fixed healthcare facilities. We aspire to bring better primary health care to this rural community, particularly in the areas of vaccinations, TB HIV and cervical cancer.

We also participated in a pharma industry initiative in South Africa last February called First Things First where we tested 26,000 students, and created a DVD which talks of demographics and the realities of HIV within this particular age group. This initiative was carried out by an alliance of partners, Innovative Medicine South Africa, a group of Multi National Pharmaceutical companies and other healthcare partners.

With an estimated 5,7million people living with the virus, the pharma industry chose to reach out to students as they are our future leaders who enable positive change within society. The risk of HIV infection escalates when young people go out in the world. With the campaign, energies were put into making a tangible contribution to the government's efforts by adopting a novel approach as demonstrated through the campaign.

We are going ahead with the campaign in 2012 and we are working very closely with the Department of Higher Education about taking this program and incorporating it into their program for the betterment of our future leaders of South Africa.

We need to be able to work with the government in private-public partnerships to deliver better health care in South Africa, too often we criticise government without showing a willingness to help them with the major challenges to provide quality healthcare to all South Africans.

In the 1990s, the majority of pharma companies had manufacturing facilities in South Africa. Only a few remain today, including Sanofi, Novartis, or Fresenius. Why did Sanofi choose to stay? What has South Africa to offer?

Primarily, there is customer need, and a need to use products made in South Africa, thus, it generates employment. We have 300 people working in our factory, so we have a major contribution to many families in the local community.

The other reason that the government would want pharmaceutical manufacturing plants on South African soil is to ensure security of supply as treatment interruptions in diseases like HIV and TB are disaster.

Sanofi is also active in clinical activities in South Africa. We talked with Minister Motsoaledi last week about the lack of skills in South Africa to develop the pharma sector and clinical activities as he would like to. What are the challenges for Sanofi in running clinical activities? Is the HR factor one of them?

With our clinical trial program, we have a team of 30 people who work both full time and part time. They work on about 40 clinical trial protocols and utilize up to 500 research sites, which include state hospitals and clinics., thus supporting skills development and access to our research expertise with Government We feel like we got a great skill set in South Africa and we make a major research and economic contribution to South Africa, and in some cases you will find that our patient contribution to certain studies is one of the highest in the world.

Creation of the Sanofi Diverse Business Model:

It took us about 2 weeks and about 25 focus groups to decide a good strategy for us. We worked from the bottom up and developed a strategy where people contributed to creating it. It turned into a cause more than a strategy, where our employees felt we must provide healthcare to all South Africans, and not just to the select few who can afford it, this enables us to do better in our business model. In this company before implementing a strategy we ask ourselves whether an

initiative makes not just commercial sense but whether it also makes social sense. Everything we do must be socially relevant, and when we make both social and commercial sense we attract good people, it makes them understand and relate to our cause. We can look at individual inputs from the storeroom to the boardroom and say that in the conceptualisation and development of the idea; everyone played a crucial role.

Considered as one of South Africa's leading managers, we'd like to know: what motivates you in this industry? What keeps you going?

The complexity challenge of a shifting landscape and the idea that you have the very real possibility of touching people's lives in such a meaningful way. As local pharma we are fortunate to have good relations with our government where are able to engage constructively in policy changes, an advantage our colleagues in other countries do not enjoy. The Minister of Health is very passionate and engaging and a great listener and you can communicate and work with him really well. When Sanofi built the Ikhaya Lethu - Our Home care centre and when we partnered with industry associates to launch the First Thing's First HCT campaign for university students, he was actively participating in this initiative. No initiative is too small for him.

What are your personal objectives?

I would like to use my life ambition of wanting to be a teacher to be able to teach my team at Sanofi about strategies, projects that make both commercial & social sense. For someone looking from outside of the pharma industry, I would want to be thought of as someone who actually cares about South African people. If Sanofi can contribute and help with the big need of healthcare in South Africa, I will be very happy.

What is your final message to our readers?

Sanofi has seen South Africa through a great transformation. We have been part of this history and we want to be able to contribute to this change in the future and still focus on being diversified global healthcare leader whose focus will continue to be on patients' needs. There is no place like South Africa: it truly is very special to us.

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