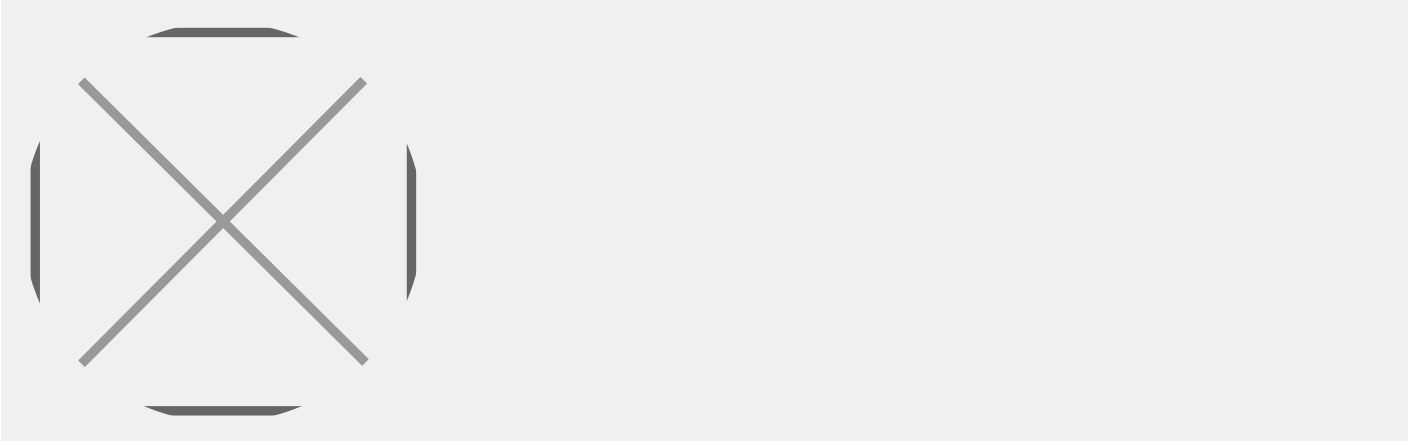
Interview with Christophe Gourlet, CEO, Sanofi-aventis Hungary



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Sanofi for 3,5 years. It must have been quite a different market, culture and environment. Yet, at that time you publicly announced that it only took you 30 seconds to accept the move. Why was this such an easy choice?

In Hungary, Sanofi has a presence that reaches far beyond commercial operations alone. The commercial operations in Hungary represent only 10 to 15% of our activities. We deal with a wide range of activities, from research and chemistry, to pharmaceutical development, distribution, etc. of vaccines, generics, biotech products and so on. We do not only deal with the needs of the Hungarian patients, but also have a lot of interaction with the Group as a whole. From my side, this was a very interesting and easy choice.

The Hungarians are also known to be very good chemists, which creates an interesting environment of conversation.

You have a background in economics and were mainly heading marketing operations before. Was it a challenge to start managing a much wider portfolio of activities?

Managing such sizeable operations is always a challenge. At the same time, it is a more generalist position that I am taking here. I am not a marketer or a medical doctor either. My role is to maintain a general overview, and make sure that different disciplines, units and people work together. My role is to encourage transversal projects, empower people and support them in proper resource allocation.

It remains a very challenging task though, as the amount of investment at stake is significant. In terms of data, we are the 9th largest exporter in Hungary and the 18th largest company overall. Combined with that we employ 2,500 people here, making us an important employer. This implies that you must be perfectly able to master and overlook all the aspects of the business.

Through acquisitions of Chinoin, Zentiva and Genzyme, we can imagine the organization here has undergone quite some changes. How well are these different entities now integrated in Hungary? Is there still work that remains to be done in this sense?

There is always work to be done, as the market is changing very fast. Therefore, you need to be sure that you are ahead of these changes. In order to be more efficient and address the challenges we have in front of us, this is inevitable. It is already well integrated, but we should not sit still either if we do not want to be overtaken by the competition.

Many years ago, for example, we have opened a distribution center. Now, we are developing our activities and are selling to different countries. We are now doing more than just distribution within Hungary, and have also started to engage in re-packaging as a concrete illustration.

What do you see as the advantage of keeping this distribution in-house?

The geographical situation of Hungary is ideal. We are clearly in the center of Europe. We have the facilities as well as the capabilities from a human resources point of view. It is advantageous to capitalize on all these aspects.

Recent times have not been easy in Hungary, with many challenging measures being implemented by the government. What changes or adaptations did you have to make so far?

It is a challenging environment, but Hungary is not the only country in this regard. Sanofi, first of all, is a very important economic player in Hungary. Through this, we have to play a role and contribute somehow in terms of improving the situation in the country. Now, it is important to adapt ourselves to be able to overcome these challenges.

What we tell the authorities is that we understand the financial situation, and that we want to work together with them towards solutions. At the same time, whenever new decisions are announced, it is important that new measures do not put at risk the long term development of the pharma industry in Hungary, which remains one of the key industries in the country. This does not only relate to the conditions on the local market, but also to all the work we do in terms of exports.

Secondly, we also want to make clear that healthcare should be considered as an investment rather than pure cost. In fact, if healthcare spend improves the overall health of people, these people will be able to contribute better to the overall growth of the country’s GDP. If we consider

healthcare as a cost and only focus on cutting expenses, the opportunity for Hungarians to have access to latest treatment will be limited and therefore the health conditions will not improve. Furthermore, it will result in higher expenditure at hospital level in long run.

It is very important before any major decision related to healthcare to listen to all the different actors of the healthcare system, in order to follow a path of overall improvement to the healthcare sector in Hungary.

From a statistical point of view however, there is a lot of room for improvement. Within the areas of cardiology and oncology in particular, Hungarian statistics stand at some of the worst levels in Europe. If we look at the medicine spend, we are still below the EU average. The question is now whether we are spending this budget in the best possible way. This is where there is still a lot of work to do.

Yet, none of the stakeholders is able to improve this situation on their own. We really all need to work together to have the best solutions possible, in order to improve health while maintaining or making a reasonable increase on the cost side. Additionally, we can also not put the export potential at risk.

Do you feel that the recognition of the Hungarian government is there when it comes to seeing healthcare as an investment rather than a cost?

It depends. The recognition is clearly there whenever we are in dialogue with them, but it is not reflected in the measures taken.

When I first arrived, there was little dialogue in terms of measures that had to be taken. Now, there is a public deficit issue that needs to be addressed quickly. At the same time, it remains important to look at the long term strategy and what the government plans to implement in the long run. This is where dialogue becomes very important.

We have to recognize that there is also country-level competition to attract projects to local subsidiaries. This is also something that has to be taken into consideration. Whenever a company wants to launch a project, the questions often remains where to do it. In such cases, the organization will look for a sustainable environment.

Which arguments can you still bring to the table that justify bringing additional projects to Hungary?

For the time being, it is difficult to put arguments to the dialogue. At the moment, we are discussing with the authorities on incentives related to innovation and investments. Some incentives have recently been cut, which was obviously not the right thing to do from a dialogue point of view.

We have been investing significantly since 1991 when we bought Chinoin. Ever since, we have completely revamped all our facilities and have invested several hundreds of millions of Euros to change our research, production and distribution facilities. We continue to be significantly present. We are the first French company in Hungary and are ranked as the second largest pharma company in Hungary, after Novartis, today. From a business point of view, we continue to be significantly present and continue to contribute to the economy. In order to attract more projects, we need a dialogue on the long-term potential of Hungary with the local authorities.

In terms of dialogue, you also have the industry associations to voice your concerns. Just one month ago, Sanofi joined the leading innovator association AIPM. Do we see a difference in the way the stakeholder relations are being managed in Hungary?

We have only joined 3 weeks ago, so it is still early to make any conclusion on this. Actually, we are a member of the vaccines and generics association, as well as the local MAGYOSZ too. The reason for being part of all associations is that we are significant in this country, and we feel that we have a role to play in all of these associations.

When we focus on your research activities here in Hungary, we first of all understand that Hungary has traditionally been more generics-oriented as an industry. How does that fit the innovator profile of Sanofi?

The development part of research is very important. We know that the available money for healthcare is limited. If we want to launch new and innovative products, we also have to launch generic products in order to reduce the cost of the already treated diseases, and thus give room to new products to treat new diseases. I think generic development is also very important within the overall process.

As mentioned before, there are very good chemists in Hungary that contribute significantly to the development part of the research process. That is also why there are strong local generic players in Hungary.

Hungary is still a country with 10 million inhabitants. To what extent has Sanofi been able to tap into clinical trial opportunities here, and how has this benefitted the Hungarian patients?

Every activity that contributes to getting medicines as early as possible to a market is of benefit to the Hungarian patients. We have very good scientists here too, and overall it is an activity that contributes to the development of employment, education and so on. It is for the good of Hungary.

You are already leading the market with Novartis. What remains your priority now?

The overall aim is to continue to attract projects from the group to Hungary. At the same time, we also aim to continue to develop Sanofi’s presence in the local market. This can be done by

launching new products, which will require a healthy financial environment in the first place. One opportunity is to switch the burden of the prescription market to non-prescription drugs by developing our OTC market, in line with what exists in other countries. At the same time, we also need to ensure that the generic business is developing in such a way that the money that will be saved will allow us to launch new products. There are still many things to do from a local market point of view, as well as from a more global positioning of Hungary in Europe. We need to make sure that Hungary will continue to play a key role, at least within the Sanofi Group. For this, we need to have a stable environment.

On a more personal note, what makes you the most proud when looking back at 18 years of Sanofi?

I am proud of having managed to reach the top of the Hungarian operations. I think it is a great achievement overall, and am pleased to have received the recognition of my superiors that have placed me in this position with such responsibilities.

What is your final message on behalf of Sanofi Hungary?

Sanofi Hungary is in a unique position where we can address two issues at the same time. On the one hand, we can address healthcare conditions while, on the other hand, we can also help develop the economic situation of the country.

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