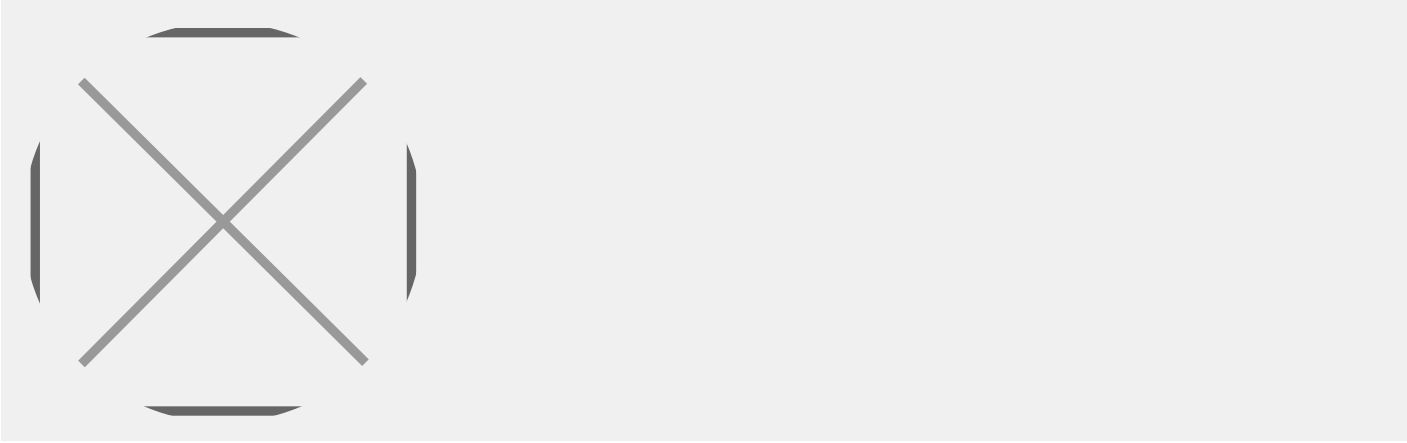
Interview with Dejan Sencanski, Country Manager Serbia / Montenegro / Albania / Macedonia, AstraZeneca Serbia



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As the 7th largest pharma MNC worldwide, AstraZeneca is a company that needs no introduction. However, our readers would love to hear more about your operations here in Serbia… Therefore, can you please first provide them with an idea of the key milestones for the company in Serbia, since you joined 2,5 years ago?

AstraZeneca has been present in Serbia for years, but has experienced a varying pace of investment here. For the last 2,5 years in particular, we have been accelerating the level of investment in Serbia. In that sense, we have been pushing to bring more products from our global portfolio, many of them which had not yet been registered in Serbia before. In this view, we have been spending significant efforts on making sure that the Serbian patient can have access to the world's latest innovative medicines.
What we have done here, is to first ensure that we would have a strong and competent organization in Serbia, matching the level of other AstraZeneca subsidiaries worldwide. In order to fit the needs of the changing environment, we have also been working on some structural changes in the organization, and have decided to focus on activities that really add value, both to the patients and the healthcare community in general.

At the same time, we have experienced challenges in getting our products on the government's reimbursement list. It has been an issue that the National Health Insurance Fund in Serbia (NHIF) has not been very punctual in updating this reimbursement list. As a consequence, no new

molecules have been added to this list in the past 3 years. Following changes in the NHIF's management last December, we believe that there are good indications that change is underway.

With the association for innovative pharma companies, INOVIA, we have been actively working on really partnering with the NHIF. The company's presence in the industry's working groups, as well as my personal presence in the managing board of INOVIA, reflects some of the significant efforts to achieve some of the common goals of the R&D industry here in Serbia. It is an approach I strongly believe in. Speaking in one shared voice has far more power than the voice of individual companies.

Clearly, you need to adjust to changes in the local environment. In a recent interview, State Secretary for International Economic Relations in the Ministry of the Economy and Regional Development, Vesna Arsic, was saying that the government has already done a lot to enhance the business environment for foreign investors, even though she recognized that there is still room for improvement. What do you still see as some of the challenges in Serbia?

I think that one of the key challenges remains to be the transparency in the implementation of legislation. In the pharmaceutical segment, legislation is often debatable, and when you look at the implementation itself, you see some huge gaps. The NHIF, for example, has regulations on how to get your products on the reimbursement list, and what adequate market access for innovative drugs should look like. There is a process in place, but it largely stays on paper only. The critical issue is therefore to really have this implemented in practice.

The second critical issue is the lack of funds. The system itself is very old, and solely depends on the contribution of the salaries of the employees and employers in the country. The total money inflow, into the NHIF, largely consists of the contribution of the employees and employers, at a contribution rate of 6.23% each.

It also explains why the government has been looking at replacing innovator drugs by generics. In that sense, how do you define your strategy in this market, as an innovator? What makes you successful with an innovator portfolio?

The key here is in creating the right focus. You need to prioritize within the portfolio. Sometimes, those priorities have to come from a pure business perspective, by looking into what is really viable to do in this market.

Some of our products have already faced the generic challenge, which implies that we have to be very careful on how these products are being marketed. Of course, it is also important that our strategy does not jeopardize the availability of original medicines in the market place, from an ethical point of view. We believe that the originator should be on the market, despite the generic

pressure. However, there is a certain threshold below which you are not able to operate.

AstraZeneca Serbia mainly focuses on the products that still have exclusivity in the market space. Those products are driving our growth here.

Worldwide, AstraZeneca focuses on 6 different therapeutic areas. Can you tell us more on which areas are more represented in Serbia, and what might change as you get new products on the reimbursement list?

Our focus is currently in respiratory. AstraZeneca has among the best in class products in this area, which are included in Serbia's reimbursement list. We also focus on the gastrointestinal area, where we have a worldwide blockbuster available that does not yet face generic competition. A third focus area is oncology, an area in which AstraZeneca also has a strong historical presence. Naturally, in this area it is absolutely critical to get your products on the reimbursement list, as patient access to such medicines is otherwise impossible.

With regards to our cardiovascular portfolio, for which AstraZeneca is renowned worldwide, we are a bit late with the introduction of our products in Serbia. However, we now have all of these products registered, and have drawn up a priority list in order to address the market access issue.

There is no doubt that this is not the easiest market to be in, and the environment is clearly quite challenging. How can you convince the head office to keep investing in Serbia?

The head office recognizes the huge potential of this market, in terms of unmet medical needs. In many therapeutic areas, almost all of the ones I just mentioned, there are highly unmet medical needs because of an underdeveloped process of patient diagnosis, referral and adequate therapy. Additionally, certain needs have remained unmet, because of lacking funds.

We have heard that the Serbian market can also be used as a gateway between Europe, the Middle East and the CIS countries. However, we also see that the MNCs have not really taken advantage of this strategic location. Do you see this changing in the future, and how do you see this playing out for AstraZeneca in particular?

It might be a strategic position, but companies may also have been reluctant to take advantage of this, due to the instability of the environment in many respects (political, economical, …). The key observations of the report of the EU Commission on Serbia's readiness to join the EU, quoted legislative and legal aspects as some of the weakest points in the country. In my opinion, this is the main reason why Serbia does not play a bigger role as a hub in this respect.

Another aspect Serbia has been praised for, is the high level of researchers and scientists, which is why many of the MNCs has been conducting clinical trials in the country. How do you see the clinical trial environment in Serbia, and has AstraZeneca tapped into this

potential?

AstraZeneca has indeed conducted some of its clinical trials in Serbia. However, the clinical trial environment, in this respect, has unfortunately been changing in a negative way. While I have no good explanation why, there has been some very negative media coverage on pharmaceutical research being conducted in Serbia. Without clear counterarguments from the government's side, which have been lacking, many of the MNCs have obviously been less tempted to keep investing in such activities here. Nevertheless, everything is in place and all research is being done according to good clinical practice guidelines. Considering that everything is being done in the most transparent way, it is very unfortunate to see such attitude towards clinical trials.

Do you see this changing?

I really do believe so. As Serbia gets closer to EU accession, the situation will inevitably change. I strongly believe that the EU integration will play a very positive role. It will send a very strong message to our politicians, making clear that this is an area which requires improvement. There is a lot of potential to do clinical trials here.

Considering such potential, as well as the challenges in the market, what are your priorities for the next 3 to 5 years?

For the Serbian market, the key priorities will remain to bring new innovative medicines to the market. AstraZeneca has a very strong pipeline of products and, in this respect, we have to continue to ensure that we can enjoy the fastest possible market access, to ensure that patients have access to these innovative medicines.

In several areas, we have different products to focus on. One of our key areas will remain cardiovascular products, where one of the biggest products of AstraZeneca worldwide should be coming to Serbia in the course of next year as well.

Having been in this position for 2,5 years now, and having worked with Roche before, you are obviously no newcomer to the pharmaceutical industry. What personal advice would you give to a manager that comes to set up operations in Serbia?

It is a prerequisite for the management to know the market well. Further to that, the company should establish good relations in every area. It is very important to fully understand all the systems and processes. There are many burdens and obstacles that need to be overcome, and overcoming those burdens also has its own delays. Nevertheless, if you are persistent and if you strongly believe that you can achieve those goals, I am very positive that you will indeed achieve those goals, even though this may not fall within the initial timeframe you may have in mind.

What is also important, is that you build a good team of professionals, which is of course essential for any organization. This market place is relatively small, the pharmaceutical sector is rather limited, and the war for talent has already started. We invest a lot in developing our people, which is also one of the greatest achievements I am proud of. We have put some very strong talent management processes in place, which has started to reflect in our results.

What is your message to the readers of Pharmaceutical Executive, on your commitment to the Serbian market?

AstraZeneca is definitely committed to investing in Serbia. The level of investment will of course depend on how the market will evolve. We will definitely be a good partner, both to the industry as such, being in a leading position within the industry association INOVIA, as well as to the other key relevant stakeholders in the pharmaceutical sector, meaning the government officials. The key aim will remain for patients to get the best access to the best innovative medicines that AstraZeneca brings to the market in Serbia. We are staying focused here, and will continue to invest according to the level the market will allow us to invest.

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