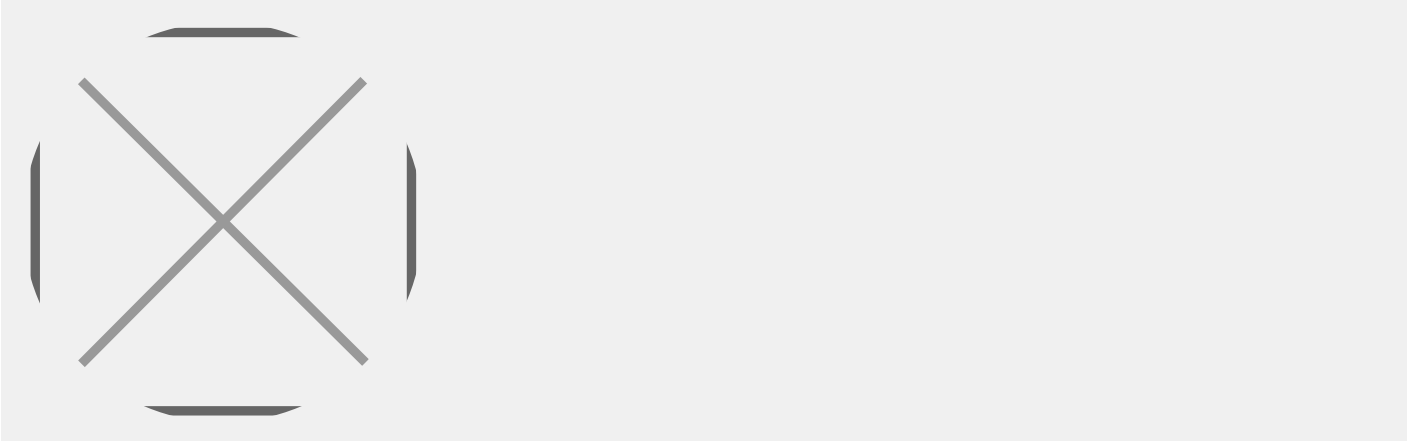
Interview with Bernard Dragon, Managing Director of Malaysia and Singapore, Sanofi Aventis Malaysia



24.11.2010

Tags: Sanofi Aventis Malaysia

Pharmaceutical Executive is a magazine about executives, their experience and their perspectives on the pharmaceutical industry. You have worked in Australia, Hong Kong and now you are the general manager of Malaysia, Singapore and Brunei. For the interest of our readers could you give an overview of what path you took to the position you hold today?

I have worked in the industry for a little over twenty years and began my career as a medical representative. I moved through a number of management roles over a ten year period before becoming a General Manager. My early experience as a Sales Representative and a Product Manager was centred in Malaysia. I spent five years with GlaxoSmithKline and then I left Malaysia in 1997 to take the position of Head of Sales for Bristol Myers Squibb in Singapore.

After this, I worked for four years in Indonesia again with Bristol Myers Squibb as a Marketing Director and then as General Manager for a couple of years. I then spent three years in the Philippines as General Manager for the same company. I was happy to be working for a company, which had a good portfolio of both pharmaceutical and OTC products and at the time, Bristol Meyers Squibb was still a global top-5 company. Personally, it was interesting also managing an OTC portfolio after many years of ethical pharmaceuticals.

From the Philippines I left to go to Australia because I wanted to emigrate there. I now consider Melbourne to be my home. I left Bristol Meyers Squibb in Australia to return to Asia. Whereas in Australia, I had a functional role in strategic planning I was looking for an opportunity to return to general management and joined Sanofi Aventis in Hong Kong. I spent two years as General

Manager in Hong Kong and then moved to Singapore where I currently manage Malaysia, Singapore and Brunei as well.

Based on your extensive regional experience, what would you say were some of the specificities and challenges presented by Malaysia compared to the other countries you have worked in?

Compared to some of the other countries I worked in, Malaysia in some ways poses less of a challenge as the Malaysian market has two distinct segments: private and public. In Malaysia the private market is still slightly larger although both segments are equally important to the business. It is a good healthcare system overall. For those who cannot pay or do not have personal health insurance or employer sponsored insurance, there is a broad public sector system available to them. The waiting times may be longer but there is a good level of care provided. Where else for those seeking a higher service level, there is the option to pay out-of-pocket for very good private facilities. So, from an industry standpoint, each sector presents opportunities.

In terms of the specificities, the Malaysian private sector is largely a dispensing market which is uncommon given that most markets have moved on to separating the functions of dispensing and prescribing. The unique aspect of the dispensing market is that when patients visit a GP, they get a prescription and do a ‘transaction’ at the same time. And, from an industry standpoint we interact with prescribers who are quite often also business owners.

Most patients choose to fill their scripts at a ‘one-stop’ GP practice. Occasionally patients may have their prescriptions filled at a pharmacy. The patient has a choice if they feel that a pharmacist may be helpful to answer some of their questions. Either way, my opinion is that patients need to be increasingly empowered through better information so that they can take more responsibility for their health.

Unfortunately, even for patients who are willing to fork out their own funds, most patients just go about their healthcare decisions quite passively rather than specifically seeking out information on their health condition, medication and related issues. There is certainly an opportunity for the private sector and other stakeholders to address this challenge.

Interestingly, you highlight the challenges of the Malaysian market as pertaining to the private sector. Often companies prefer the private sector because of the speed at which they can make sales compared to the process of registering drugs on the national formulary. What is Sanofi Aventis’ preference?

Sanofi Aventis is interested in working with both sectors. It is true that the private sector can be more attractive because of the speed from launch to commercial sales. In the public sector, drugs need to undergo a lengthy series of evaluations with professional committees providing views and

making decisions. Typically, in Malaysia the process takes around 2-3 years from registration and getting it into the ‘blue book’: the national formulary.

The sector of preference really depends on the product being marketed. For example diabetic patients tend to be treated more in the public sector often coming from lower socioeconomic levels. Cancer is not necessarily a rich man’s disease but a lot of the targeted therapies are costly making it difficult for the government to pay and this pushes business into the private sector. The private sector will always be quicker to penetrate however there are occasions where the emphasis changes and the government sector can be a greater contributor depending on the priority for a particular therapy. This dynamic between two segments reduces the risk of an ‘all or nothing’ scenario as opposed to single payor markets.

The private sector has been growing rapidly based largely on an increasing income per capita and a willingness to spend on pharmaceuticals. In 2010 Sanofi Aventis Malaysia is at 4th position in the rankings, how has the company been performing?

In Malaysia the company is happy with its performance for FY2010. There is double digit growth and it derives in part from its existing portfolio. Also, a couple of our vaccines are growing aggressively. However, most of our growth is fuelled through the diversification of our portfolio. Sanofi Aventis is undergoing a transformation to become a more diversified healthcare player and is therefore moving into areas such as generics and consumer healthcare products.

Sanofi Aventis launched its generics business in Malaysia two years ago and the company currently has four products under the Winthrop brand name. This brand is well recognized certainly in my generation and this is helpful when dealing with stakeholders in the healthcare industry. They have been receptive to our generics product offering.

As a R&D based MNC, the company is comfortable in talking to doctors about Sanofi Aventis’ innovations however we are still making adjustments as we learn more about how to market our generics products. Our Winthrop offering to professional customers and patients is to provide access to quality and affordable medicine. It comes back to the principle of offering patients greater choices.

The generics market moves very quickly especially in the private sector. The name of the game is to be among the first to launch a newly off patent compound. If your product is not among the first few to launch then you have missed the opportunity. However, the competition is fierce and even if your product is the first, the second will appear perhaps a couple of months later. Speed is crucial.

In generics, Sanofi Aventis has learned that it needs to excel in regulatory and legal matters. Most regulatory teams in the innovator MNC players have traditionally been good at registering perhaps one new molecule every year and perhaps also registering a few product variants. Now the

regulatory team has to register a new product every other month. Sanofi Aventis aims to launch a new Winthrop product every 1-2 months.

With a new chemical entity, there is about ten years to organise the dossier prior to submission to the local drug authority. With generics, a lot of data needs to be assembled in a short pace of time including bioequivalence data and quality validation. Sanofi Aventis's competitors in the generics industry are very experienced in these affairs.

Another thing to mention in terms of this diversification is that as an innovator company, Sanofi Aventis being respectful of intellectual property now approaches IP from two different angles. On the one hand, Sanofi Aventis obviously protects its own IP and on the other hand we are mindful not to infringe on the intellectual property of other companies when operating in the generics business.

In the public sector, the challenges are quite different. When the government calls for a tender to buy a certain molecule some times worth five to ten million RM ($1.7 – $3.4 million) there are many companies that will be interested in this business. Again speed is important and providing a competitive price will be a winning factor.

There are many opportunities in both the private and public sectors for generics and Sanofi Aventis is so far happy with our progress. The market in Malaysia I believe will change to become more like Indonesia and the Philippines where three price segments co-exist. There are innovator brands, generics and 'premium generics'.

Clearly you are not just competing against other generics companies but now also other innovators. Are Sanofi Aventis and Novartis at the cusp of a wave of innovator companies exploring this 'premium generics' market?

To answer your question I will say that a couple of weeks ago, I attended an Asia generics summit. This summit had existed for several years, but this was the first year where there was a mixed attendance from representatives of both innovators and generics companies. Of the top five innovator companies in Malaysia at least three were present.

In an interview we conducted with the then Sanofi Aventis Chairman Mr. Dehecq he said that Sanofi Aventis would base its strategy on the diversification of its products. What are the other sectors Sanofi Aventis is moving into?

The second sector that we are increasingly resourcing is consumer healthcare. Sanofi Aventis has brands such as Lactacyd, a feminine care product and also Essentiale which is a liver protector. Both are very well established consumer brands that are recommended by doctors to their patients, although they can also be purchased over the counter. Often the users' first experience with one of our consumer brands is when their doctor recommends it. So, we can leverage on this long

established professional endorsement. There is a great opportunity for potential users to become more aware of our product benefits directly through the media. As a result, we are now moving into more consumer advertising and promotions and we have also made some good progress in the first year.

These two new segments, generics and consumer healthcare, are growth drivers for our business in Malaysia.

Looking at the product range of Sanofi Aventis, it covers seven therapeutic areas from cardiovascular to CNS. What are the main growth drivers in the markets that you cover and how well adapted is this portfolio for the Malaysian market?

Where the company has a strong market share is in the cardiovascular area with products such as Plavix, Aprovel, Clexane and more recently Multaq. Plavix is a market leader in athero thrombosis, Clexane is a leading low molecular weight heparin while Aprovel is in #3 positions in its class. Therefore, as a portfolio Sanofi Aventis offers a range of leading brands to cardiologist and related medical specialist.

Sanofi Aventis partners with the medical professionals and like other companies we value our relationships with the medical community. Sanofi Aventis similarly to other MNCs provides support for various continued medical educational activities. In these interactions, the company aims to promote science and continually improve clinical practices.

In other therapeutic segments that you mentioned, we may not have a similar level of leadership however our activities are largely the same.
The main growth driver is the private sector where brands can even continue to grow post patent expiry because healthcare professionals usually trust brands that they are familiar with and will continue to prescribe these. So from an industry perspective, if we do the right things to build a brand the market continues to reward you.

There is however growing consumer confidence in locally manufactured products. Is there not a high degree of competition from local companies?

I believe the market provides space for the entire industry. As a Malaysian I am happy to see the local industry grow and expand. The most significant opportunity for local manufacturers I believe lies outside of Malaysia. Local manufacturers are more and more looking towards export-led growth rather than sales to the domestic market.

Sanofi Aventis is currently importing our generics products into Malaysia and these products come from our established manufacturing sites globally where the quality validation is very established. In terms of partnership opportunities, Sanofi Aventis is happy to explore partnership with established local player provided their quality can be validated. A couple of weeks ago Sanofi Aventis formed a

partnership with Hovid Bhd. They will be manufacturing two products for Sanofi Aventis as these products fit nicely into our Winthrop generics portfolio.

Sticking with the product portfolio, we know that one of the five main growth platforms for Sanofi Aventis globally is the diabetes market. Malaysia has one of the highest rates of diabetes in the world. Is there a race among innovator companies to address this market and how will Sanofi Aventis keep one step ahead?

Sanofi Aventis is by no means a new player in the diabetes segment however there is a lot of room for market share expansion.
The diabetes treatment market is split largely into the oral and insulin segments. If we take the oral segment first, simply taking the volumes of metformin and sulfonylureas being used there is an indication of several hundred thousand diabetics being treated in Malaysia. However, around 40% of diabetics are not diagnosed and of those who are diagnosed there are still about half that are not treated and of those who are being treated there are some patients who are under-treated or on oral therapies and they may also require insulin therapy. There is therefore unmet need across the whole spectrum of patients. Much more can be done to help patients and we as a pharmaceutical company holds one piece of the jigsaw. All stakeholders need to come together to improve care for diabetic patients.

If we take Australia as an example, someone who is diagnosed as diabetic is introduced to an entire care plan. They will have access to a nutritionist, to an exercise trainer, to a podiatrist and a full risk assessment will be conducted. The government funded Medicare pays for all of this. The GP as the primary care provider is usually the first to diagnose the patient and upon diagnosis they can offer a range of treatments under the Medicare scheme. Primary care physicians are even incentivised to introduce a care plan to the patient – essentially using more government funding. I consider this a good system because the more care received in the early stages of the disease, the lower the overall cost.

Back to Malaysia, if all stakeholders come together, the level of care can be improved. Poor management of diabetes ultimately means that the burden falls on the public sector with complications such as heart disease and diabetic foot. So, to stay ahead Sanofi-aventis will need to work with other stakeholders in a more holistic way.

Returning to the countries you supervise, Malaysia, Singapore and Brunei are small markets and will never represent key countries for Sanofi Aventis in terms of revenue shares. How else can these countries contribute to the success of Sanofi Aventis?

It is true that these are small markets. Singapore has a population of five million (about one fifth that of Malaysia) but at the same time because of the high income per capita, the market is about half the size of the Malaysian market. So, population size is not a complete picture.

Comparing Malaysia or Singapore with larger countries around the world, there is still a significant opportunity for Sanofi Aventis. Say if we are growing around 10% in Malaysia and if the country is 1/5th the size of another market growing 2%, in growth terms, the contribution is about the same. The key to growth for markets such as Malaysia is to tap on the opportunities from both ends of the spectrum: innovator products and volume products.

In an interview we conducted with Fabrice Bashiera in South Korea, he said that clinical trials were one of the core activities of Sanofi Aventis in Asia. The company has a 35-strong clinical trials centre which is the hub for the entire region. What are the strengths of Singapore and Malaysia for clinical trials?

My perspective is that Singapore has positioned itself as a hub and has a good niche even for phase 1 and phase 2 work. However, for large scale trials it will lose out to countries of larger population that can also produce good work. For wide-scale trials China represents a strong country because these are conducted at high speed and the market itself on the commercial side is every other company's favourite.

Malaysia will have more challenges finding its niche. That said, there is certainly scope for clinical trials in Malaysia. For example, in Malaysia Sanofi Aventis will be carrying out phase 3 trials for a new dengue vaccine. The Ministry of Health in Malaysia has so much interest in this trial and has ensured that adequate resources are provided.

You have a lot of international experience what have you learned from operating in your different roles?

For me what has been the most valuable is working with different people. As Managing Director, when you start out in a new market, you incrementally develop your knowledge of the market and expand on your internal and external relations. When you decide to uproot and move somewhere else you face the challenge of having to do this all over again.

My most important lesson has been to quickly get my team behind me. They can teach you about the market and help to establish the external relations. I spent the last 15 years working in six countries – all of which has been rather enjoyable.

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