Lamia Berrada & Samir Bachouchi – Chairman of the Managing Board & General Manager, Bottu – Morocco



27.04.2015

Tags: exports, manufacturing,

The chairman and general manager of Bottu discuss their flagship product, Doliprane, the potential for export to the rest of Africa, and partnerships with European labs.

Bottu is a Moroccan laboratory and is a little over sixty years old. The company experienced a dramatic acceleration in business a few years ago: a new second plant in 2009, and a third one in 2011, and the start of an export branch. What were the reasons behind this quick evolution?

Quite simply, it was the rise of a new generation. When the former management team retired, the new one, which had been working for quite some time with its predecessors, was able to fully and serenely express its potential.

Bottu is famous for being the copyright holder laboratory of Doliprane, your flagship product. How did Bottu manage to get these rights for the Moroccan market, and how do you manage to maintain your position as a market leader?

Bottu started in 1952 as a subsidiary of Bottu France. They came to settle in Morocco with their product portfolio which included their flagship product Doliprane. Subsequently, Bottu withdrew from the country and sold the subsidiary to my father, Mr. Berrada, who had been also one of their first partners and a board member. He bought back the shares, and so the laboratory became an

independent company under Moroccan law.

Bottu has developed other partnerships as well, with other laboratories and multinationals in Morocco, buying patents and so on, like any laboratory. Doliprane has been our flagship product, we have worked a lot on it, there was a particular enthusiasm for it and thus it has become the identity of our laboratory. We also shared a wonderful partnership with the promotions company we used to work with, and its leader who was truly passionate about the product. The work in the field was exceptional, and immediately propelled Doliprane as a leading product in Morocco, number one in volume and then in turnover from the year 2007, exceeding Augmentin.

In 1998, Aventis wanted to retrieve their product, as Doliprane had become theirs following a series of takeovers. After much negotiation and discussion, we finally agreed on the purchase of Doliprane and the line’s exploitation rights in Morocco, for quite a large amount at the time. This is how since the 2000s, Doliprane belongs to Sanofi all around the world, except in Morocco, where it is Bottu’s property.



What was the impact on Bottu’s activity in Morocco of the recent multiple health reforms, such as the implementation of RAMED?

Before RAMED, there was AMO (Mandatory Health Insurance). Its implementation was a wish of the pharmaceutical industry, who expected a market explosion with the introduction of universal coverage. Previously, only 15 percent of the population enjoyed medical coverage, i.e. the employees of large companies that would provide healthcare cover, and civil servants. The impact of AMO, increasing coverage up to thirty percent, was that of a mountain that roared to bring forth a mouse: the efforts to encourage AMO have hardly resulted in the expected progression, sales have not improved that much, but rather continued to increase at regular rate.

Then RAMED, which covers the poor, has been set up to continue with the commitment to gradually install universal healthcare coverage. RAMED resulted in significant state purchases of medicines, very large ones in the case of chronic diseases. However, it happened that the manufacturers engaged in fierce competition, with abnormally low prices. This had a perverse effect, causing a misconception among the public and the authorities about margins in our industry, while the industry had reasoned in terms of marginal cost: their market being mainly focused on private clients, they assumed that the distribution of their drugs at exceptionally low prices to healthcare institutions would result in renewed prescriptions thereafter on the private market. This is a theory that has never been proven. RAMED has provided lots of market volume but did not generate any actual economic interest for the industry, margins being non-existent in this market.

These two consecutive price declines of 2013 and 2014 have had a particularly negative impact on the pharmaceutical industry, especially regarding the margin transfer to pharmacies, which has been poorly understood by the industry. In this quite sluggish context, Bottu is doing interestingly well and grew by 11 percent in the same period. Can you comment on this?

Indeed, this is real progress. However, our growth is not necessarily related to the domestic market, because we have developed a lot in export, activities that served as our growth drivers, while the private domestic market has experienced flat growth. The domestic market barely increased over the same period, 2.7 percent growth in units and hardly any improvement in terms of sales. There has been no compensation between volume and turnover. However, Bottu has opened new therapeutic areas, including cardiology, ophthalmology, as well as women’s health, more recently, which provided us some solid growth.

You work with major pharmaceutical companies including Abbott and Boehringer Ingelheim, to name a few. What is the appeal of Bottu for them?

One of our characteristics is to be among the laboratories that both work internally developed products and licensed products as well. We have always been relatively close to multinationals, and we have also developed our own portfolio of generic products, each business accounting for about half of Bottu’s overall activity.

Laboratories interested in Morocco meet every potential partner, and this is where we enjoy a reputation in the market that we are proud of: Bottu is viewed as a professional team, serious, invested in quality and continuous improvement. We get good press, both with the ministry and professionals of the sector. To be recommended is an honor, and it helps a lot.

In addition to this, multinationals just don’t blindly entrust people with their products, they come to check, send their own auditors who review the facilities and processes. Here again, we are proud to successfully complete the different steps, which are challenging every time.

Exports are now a highly strategic part of Bottu’s development. Can you tell us more about the African journey of your laboratory?

Exports started with the new management team: preliminary work began in the mid 2000s, the license was granted in 2008 and export marketing started in 2009. We established an exports division and allocated the appropriate means for it to prospect, register products and launch them on their respective markets.

We have innovated, in the sense that we have not entrusted any existing promotion structure with our products, but instead decided to rely on major European distributors in Africa for our logistics, while retaining promotion under our control. We settled a team of our own in each country to promote our products, we have dedicated agents, sales representatives that we train internally, and our regional managers turn between teams to organize the work on each field. Our training team also regularly goes on site to maintain the level of our delegates.

Because of our performance there, we now receive offers to take on products that are not our own in order to promote them in these African markets. Our expertise there brought us some external activity, outside our line.

One major issue for laboratories with aims to work in Africa is ethics, especially regarding the activity of sales representatives. How do you address this challenge?

Medical promotion teams there are recruited by us. We train them, and they are dedicated to Bottu. The people who train these teams, in sales technics, scientific aspects and also business ethics are the same as in Morocco. We simply deploy the same working methods that we work with

here at Bottu Morocco, in the hands of promotion teams that are under our direct authority: we do not delegate any promotional aspect on our products. Therefore, promotion teams in these markets are subject to the same rigor in work, the same reporting as in Morocco.

Although Morocco has made its opening to Africa and South/South cooperation, one of the cornerstones of its foreign and industrial policy, the pharmaceutical industry seems to suffer from a lack of state support for the promotion of exports. What forms could this support take?

Indeed, regulation suffers from some rigidity. However, I believe that now, there are people paying more attention, and taking our message into account.

It might prove interesting for Morocco to create a distribution platform from Morocco towards the outside, so that all Moroccan producers could use it to export to African countries. Unfortunately, Moroccan legislation does not allow such structures, which exist elsewhere, for example in Europe. Our initiatives so far have come to an end, but we hope to make other attempts and build something. It is a pity that our products go to Europe to be distributed in Africa!

For such a platform to be viable, as the trade routes between Morocco and Africa are very busy, it should be able to distribute in Africa products that originated outside of Morocco. The issue is simply that the regulations do not authorize goods to enter Moroccan territory. Now we can either opt for an offshore structure or ask for permissions and support from the authorities to create a regulatory framework to open the door to this project. This is something that manufacturers want, and they are working on it to make things happen, for this is a priority for the sector.

Another obstacle to the competitiveness of Moroccan laboratories is the slowness of marketing authorization applications in the Moroccan market. We sell licensed products and often the laboratories that entrust us with their marketing authorizations are surprised by the complexity and demands of the Moroccan authorities, as compared to Europe itself.

From the laudable desire to secure as much quality of drugs as possible on our market, unfortunately, they might have overestimated their capacity to face the volume of work that this entails. Obviously, to export a product to Africa, it must have received the Moroccan MA. Then, the whole recording process has to repeat in export markets. On this point, the current minister has pledged to reduce the lead-time for marketing authorization down to ten months. Things are getting more fluid.

You are also on the way to Middle East. What is the status of your other export markets?

We are interested in the Middle East. We also have operations with Azerbaijan, Kazakhstan, and Algeria where our first order should be distributed any day now. The Algerian market is actually terribly complicated; we have been working on this opportunity for years and we are pleased that things finally got through. Through Kazakhstan and Azerbaijan, we intend to go to CIS countries. We also work with Libya through single orders.

In the next five years, how do you expect both Bottu and Morocco to change?

Today, Bottu is number two in volume and number six in turnover. Yet, it is ahead of majors like Novartis, Pfizer. As for export, after these first five years the turnover accounts for ten percent of total turnover. We are very pleased about this, yet we truly intend to bring it closer to thirty percent in the medium term. Our export growth forecast is indeed all the more optimistic that there are new markets where we can launch our products now. This growth may also happen because the territorial business perimeter is greatly expanding. We are in the process of registration and certification in a certain number of countries which should bring volume as soon as we start marketing there, in addition to the growth that we will experience in the countries where business has already started. In 2015, we are to begin marketing in Nigeria, Kenya and Tanzania.

Do you have a message for our international readers about Bottu in particular and Morocco in general?

If they are interested in Morocco as a market, there is a significant potential of 35 million inhabitants. With AMO, 30 percent of the population is now covered; drug access is one of our government’s priorities. All this opens great potential for Morocco in the health sector, both regarding drug and care provision… This is a changing market, per capita consumption is still low and therefore expected to develop, legal framework is well wired and the expertise is undeniable: the country is listed as part of zone Europe regarding norms and quality standards.

Nevertheless, it would be of no use to enter a market like this with the umpteenth ultra-well-known generic molecule: it is useless; there are already lots of people in these segments. On the contrary, there is much demand regarding biosimilars for instance, or oncology products. If these laboratories have innovative niche products, then Morocco has strong potential for them. Those who will enter with the same generic catalog as everyone else will merely enter a battle that will clutter the area and which no one is assured to win.

Readers should also be aware that we are a gateway to Africa; we have expertise in these markets. Africa is a difficult continent for the largest companies, because it offers very small, fragmented markets. A whole country in Africa often accounts for less in revenue than a single wholesaler in Morocco. These are dispersed markets, and multinationals do not necessarily want to go there by themselves. So I think they can find in Morocco the right partners to market their products in Africa.

To read more articles and interviews from Morocco, and to download the latest free report on the country, click here.

See more interviews