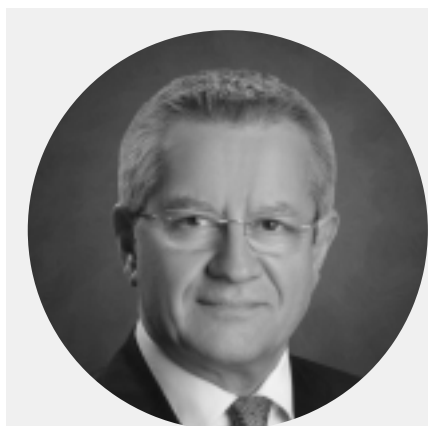


Interview: Gerard Charles - General Manager, Servier Egypt



11.02.2016

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Servier Egypt's recently arrived general manager shares his first impressions and assessments of the Egyptian business environment, and discusses the potential he sees for Servier Egypt to build upon its already strong position in the market.

After three months in Egypt, what is your initial assessment of the country?

Upon my arrival, my initial goal was to learn about the Egyptian people and the individuals that I will be working with here at Servier Egypt. This meant studying their histories, work habits, motivations, decision processes, patterns for collaboration, and other aspects that I feel are very important to understand as a manager. The time I have spent studying the market has so far been minimal, and I am just beginning to go beyond the broad figures.

Do you have any particular concerns thus far?

Pricing is a key area of concern, as the current pricing policy is a significant barrier for development, particularly due to the progressive devaluation of the Egyptian pound and our inability to raise our prices to compensate for rising costs. That said, it is clear that the pressure is mounting for pharmaceutical prices to be updated as there are more and more product shortages on the market. The foreign currency shortage has limited manufacturers' ability to purchase raw materials, inducing some shortages of medications in Egypt already. When important products

start becoming unavailable, the pressure to reconsider the pricing policy will reach a critical point.

How would you assess Servier Egypt's performance relative to its potential?

First, it is important to consider that Servier has been in Egypt since 1977, and that Egypt was one of the first international markets Servier entered. We started industrial operations in Egypt in 1994, and now have two manufacturing sites, one for tablet production and one for packaging. Both operate primarily to supply the Egyptian market with the best level of quality and availability. We have also started to export part of our output to the Middle East and Africa, in line with the Egyptian government's goal to increase pharmaceutical exports.

It is also very important to consider the leadership of Egypt within the region: for instance many Egyptian MDs trained in Egypt are now working in the Middle East. It is the same for us: our team is a reference team and we are providing training to many other Servier affiliates in the region.

As an organization, we have roughly 100 staff working in the factories, and another 370 working in sales, marketing, and support functions.

In terms of performance, Servier Egypt is selling approximately 20 million boxes per year, and this makes Egypt the fifth largest market in volume for Servier worldwide. This corresponds to a turnover of roughly USD 68 million, and as such Servier ranks sixth in its market, amongst multinationals in Egypt. Moreover, Servier has achieved this position with only 13 products on the market, and if you look at the rest of the top 15 companies in Egypt they have a minimum of 40 products. In some specific segments, within Ischemic Heart Diseases (IHD) and Chronic Venous Diseases (CVD) for example, we are in the first position; Servier ranks second in diabetes and fifth in hypertension.

With such figures and rankings, I consider this affiliate to be solidly on the right track. We are present in the right country with the right products and we have the right people to promote those products. Given the underlying market growth of about 14 percent in EGP currency, Servier Egypt has been able to consistently achieve a strong growth over the last several years. Moreover, we are aiming to launch several products in the cardiology area very soon, so our portfolio will favor continuous growth; that said, this affiliate has important potential.

Where do you see this greater growth potential?

First of all, the medical need is immense in Egypt. Cardiovascular disease is the leading cause of death, accounting for nearly 15 percent of deaths in Egypt, with another roughly ten percent caused by cancers. It is estimated that there are around 15 million Egyptians who have diabetes

and a similar number are hypertensive. The percentage of these patients with a disease which is controlled ranks between 10 and 15 percent, and awareness is very low in general. As such, there are huge medical needs in Egypt that are not yet being met.

As Servier, we have a strong pipeline of more than 15 fixed combination products in the cardiovascular area that fit well with these key areas of need. Combination products have several advantages, including better treatment compliance, and can be cost effective. As one fixed combination product can offer the same treatment as two or three separate products, this combination product can be assigned a relatively high price while offering some savings when compared to the overall cost of treatment using separate products. This is particularly important for a market like Egypt where means are limited, and some patients will interrupt or stop their treatment at some point due to financial considerations. Cost therefore directly affects treatment compliance.

What are the strategic priorities for the affiliate that you have identified so far?

First, I will be dedicating significant time to seeing what we can do in partnership with the authorities and what we can do to improve market access. It will be of utmost importance for instance for the new antihypertensive fixed combinations or for the new products that we are planning to launch in diabetes and in oncology

Second I will continue to work on developing our efforts in educational initiatives. This is something I see as a top priority for Servier Egypt; it is my goal for Servier to be the key educational partner of healthcare providers in Egypt, and certainly for cardiologists. We have already made some significant investments of this type; for example, Servier brought the first simulator for balloon angioplasty to Egypt, and is playing a key role in training Egyptian cardiovascular surgeons to perform this technique. We are making this investment as a strong educational initiative, and one that we feel will have an important and positive impact on patient care. Servier will also be investing alongside other stakeholders to support the development of the first registry for diabetes patients in Egypt, as no such registry currently exists and as part of this initiative thousands of patients will be screened.

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