Interview: Nenad Markovic – Director, ADOC, Serbia

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Nenad Markovic, director of fast-growing, family-run pharmaceutical company ADOC in Serbia, sheds light on the organisation's rapid and consistent growth, the ADOC stamp of approval and why the road to EU membership will be a smooth one for ADOC.

What are ADOC's current operations in Serbia?

ADOC's three core operations are production, wholesaling and pharmaceutical agency services. As an agency, we work as a bridge for multinational companies who seek to access the Serbian market by using our sales and marketing expertise. For example, we are agents for Roche Diagnostics specifically in their diabetes care programme. As an international partner, we can provide full scope of services: registration, marketing, sales and distributing the final product across Serbia. We've managed to develop the business to become one of the market leaders in the areas of diabetes and diagnostics and have been doing so since 2004.

Regarding the pharmaceutical business, we started in the early 90s concentrating on providing foreign medicines in a reliable way. We have worked with large multinationals since our foundation.

We focused mainly on Roche in the 90s, which led to the creation of our sustainable business. We were very successful and managed to develop the unit 25 times bigger than we first started. We quickly built up a reputation as a provider that was not only delivering medicines – no matter what the current state of the market was – but also for being reliable and true to our word. If you go to any pharmacists and ask for ADOC, you will only hear good things. They always receive their

medicines on time and in the necessary controlled conditions. They are safe in the knowledge that our service is secure, fast and they can count on us.

One of our primary traits – it’s a part of our company DNA – is that we have the utmost respect for our partners and we will never waiver on what we have agreed upon.

What area of the business brings the most growth?

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Now the youngest, fastest-growing and most prominent arm to our pharmaceutical operations is production. We started production five years ago, upon taking over the production of PharmaSwiss. We renovated and rebuilt the facility to very high standards. We now hold roughly 30 market authorizations of our own brands and our own products that we are keen to display and bring to the market. The products are a mix of generics, OTCs, medical devices and dietary supplements. We gathered a team three years ago when we finished the registration and just last year we were the fastest growing player in this segment of the market.

The majority of our portfolio is generic, but curiously, several medicines are considered originators. Production is a fantastic outlet that we are keen to build on for the future because it is exciting for growth and steers the direction of the company.

Distribution and logistics are less profitable, and as such, you need large economies of scale to get the project up and running efficiently, however we still engage on a smaller and carefully selected scale.

What route did you take to becoming the director?

I started as a sales rep in 2003 in diabetes, and I worked closely with Roche Diabetes Care. I ended up taking over the agency for Serbia and Montenegro after a few years. In a way, I grew with the company. Then I got the chance and honour to lead a newly formed team of enthusiastic and motivated individuals – mainly colleagues from the faculty and medical backgrounds – and I focused on reliability.

I can proudly say that the majority of the staff that have been employed over the years have remained and have grown with the company. Some of them have over 10, 12 maybe 15 years of experience at ADOC; it really is a company where you can gain long-term career experience.

What is the split between business operations?

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In the beginning, we concentrated on construction and pharma. We had two separate lines of work due to the financial instability of the Balkans at the time. In the 90s Serbia saw record levels of inflation, and so we kept the value of the currency in the bricks. As an importer, we managed to be stable due to these two pillars of stability.

ADOC's construction has since split off to create ADOC Real Estate, where we now act as an investor and no longer have our own construction operations. We sub-contract to other construction businesses while using our experience in construction to oversee the purchase of land, projects whether they be apartment spaces or business premises. We also have investments in a hotel business which we are proud with hotel Envoy in city centre which is completely independent, and we are co-owners of a football club: Čukarički.

However, ADOC for me is primarily concentrated on pharmaceuticals, diagnostics and providing healthcare services. When we consider this segment, the most prominent part is the sales, marketing, and production of our own brand products.

The second most important facet of our business is our agency business where we do diagnostics and diabetes. In pharma we are in cooperation with Roche, AstraZeneca, and Merck. We were the biggest partner of MSD and established over ten years ago. At one point we managed to turn roughly five or six million euros of business together into 20 million Euros of sales in five years. We were the first consignment stockholder for AstraZeneca in 2003 and Roche in 2000.

What separates you from your competitors?

Focus.

Firstly, we have strict quality controls and pay close attention to detail. Every medicine that comes to our warehouse is meticulously monitored. We track the conditions in which medicine arrives; its temperature the duration of travel and readings taken during transportation to ensure that risk is minimised and so that we can assure a high-quality product is always delivered.

In the last five years, a lot of things have changed, and ADOC's story evolved- especially for multinationals. Here lies one of our advantages: we are flexible. We are in command of our position here in Serbia and do not have let's say, someone with headquarters in the region need to ask for permission or consultancy advice before making an important decision. We are local and can make decisions in one week that can be changed and implemented quickly.

The environment is always changing in pharmaceuticals. Flexibility is one of the keys for growth. This flexibility combined with our aforementioned reliability is a fantastic combination.

ADOC has always had an international mindset; from day one we were always looking at the long-term. You cannot focus purely on the Serbian outlook but the world because sometimes you need the big companies' help. Big companies mean strong regulation, so we have always had very high standards.

What steps do you go through to choose the partners you work with?

The first step is to ensure that all the local regulations, compliance and rules which are required in this region are adhered to, and they can be strict. Audits regarding facilities, conditions, finance and everything ethically linked to the business are necessary. After you have jumped through all the necessary hoops, you get the green light and can start business operations.

With Roche, we had already had a historic partnership as their distributor and so putting into place commercial operations was a lot easier. Interestingly, the story was different with the Roche partnership because imported, finished medicines became the priority. As a result, Roche became one of the most present companies on the market.

How far have you come in achieving your goal to contribute to 'better health protection of citizens?'

We are very happy and proud of how far we have come in contributing to better Serbian healthcare. If you were to speak with any pharmacist, healthcare professional or partner of ours, they would all emphasize the same traits and strengths in business for which we are recognized: providing a great service, using high-quality medicines and products – while always being true to our word.

We would like to roll out these services using our excellent reputation into other countries in order to improve the lives of other patients and citizens in the Balkans region.

What does entrance to the EU mean for ADOC?

I don't expect the EU to greatly impact the lives of those at ADOC nor our business operations greatly. We already adhere to a very high level of regulation and are highly compliant… In fact, our pharmaceuticals and our procedural registrations follow the EMA standards. There are two options in this, the centralization process or the process which relies on countries within the EU and so if you want to sell medicines, you have to be very clear on price and documentation.

For me, I think EU entry will make life easier for exporters of products to the EU. That said, there are currently special contracts in place between EU governments and Serbian exporters where if over 50% of the final product is domestically produced then trading is more streamlined. The same goes for Russia, Turkey and other big markets where Serbia has excellent trading agreements in place.

What are the new projects for 2018?

Well on a marketing level, we are launching a new website which will bring new customers to us. We then aim to bring our products Corasp, Gastroprazol, Argifen and Nuronorm. These are our four big cash cow products for the next two to three years. We intend to make these OTC products readily available across the country as they provide fantastic excellent care. With our current energetic team that we have in place – who have real ambition and drive, we look forward to the future with excitement. And with more than 30 highly-skilled motivated people daily in the field and a little bit of luck, we will secure our leading position in 2018 and the years that come.

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