

Interview: Silvana Džudžević - Managing Director, Farmalogist, Serbia



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Silvana Džudžević, managing director of Serbia's leading pharma wholesale and distribution specialist, Farmalogist, introduces the evolution of the company's operations to now include several complementary services, its numerous partnerships with international MNCs, and its utilization of digital solutions to cement the company as the partner of choice moving forward.

Could you begin by introducing Farmalogist's role within the Serbian healthcare spectrum as the country's leading wholesaler?

Farmalogist was founded in 2002 and its operations began with an 800m² warehouse and around 20 employees with the capacity of offering registered medicines mostly those produced by local manufacturers. The first MNCs to partner with us at this early stage in our history were Pfizer, Berlin Chemie Menarini and Schering AG, today known as Bayer Health Care. In that period, we were also able to build a partnership with L'Oreal, for the Vichy and La Roche-Posay lines which at that time were not available in Serbian pharmacies.

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In 2007, through a strategic partnership with an investment fund sponsored by IFC, Farmalogist obtained the resources to go into more ambitious operations with investments in improved warehouse facilities and equipment sufficient to meet the needs of some of the world's largest companies, like Astra Zeneca, GSK, Sanofi, Boehringer Ingelheim and many others. Sales will

always be the priority of a healthcare wholesaling company, but we also deliver positive results in terms of health and wellbeing by bringing these treatments to the Serbian population.

Farmalogist has since developed other business lines in addition to its primary wholesaling activities including sales tools, consultancy and marketing. Can you introduce these activities and what their contribution to your revenues is?

As soon as we had the facilities to ensure efficient and effective distribution, our focus shifted towards finding solutions to the needs of our partners as well as predicting how these needs would evolve in the future. As a result of this shift, and valuable support and expertise of the founding members, Mr and Ms Nikolic, we have actually developed and designed several new services. These services now account for around 15 percent of our revenues.

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Our focus for the near future is also on enhancing the range of services that we offer since - because of cost pressures as well as the procurement and pricing systems that are in place in Serbia - the revenues and margins from our traditional distribution offering will become lower. Farmalogist is able to create services and solutions for clients that allow them to get hold of the pricing structures here in Serbia.

Until recently, international pharma companies' main activities in Serbia were marketing their products, taking care of their registrations and market authorizations, and having their medical representative teams provide information to the healthcare sector about their product portfolio. However, a new trend is for these companies - as a reaction to the pricing situation and cost pressures - to begin to import their products and enhance their own distribution offering. They are looking for existing local partners, such as Farmalogist, who can provide for logistic support and services and take on the management of distribution. This new business model is one that Farmalogist can certainly support.

Can you give any examples of how Farmalogist has partnered with these MNCs?

Companies seeking pre-wholesale, distribution or logistic services conduct comprehensive audits within the selection processes. Our facilities, operations and procedures - including our IT and warehouse management systems - are subject to comprehensive quality audits. Pfizer and Sandoz are good examples. After very comprehensive audits of quality systems, we were chosen as the logistic service provider for these companies in Serbia.

What differentiates Farmalogist from its competitors?

We have had a longstanding cooperation with these international companies that predates their decisions to upgrade or adapt their business models. Through this cooperation we have been able to closely understand all the expectations they have of distributors and the standards they apply. Therefore, we have adapted all of our processes according to the requirements of these companies.

Farmalogist has also been, since 2009, a member of the European Association of Pharmaceutical Wholesalers (GIRP). This has been a good opportunity for our employees to stay on top of all the trends occurring in other European markets. For instance, our colleagues in the distribution department can attend workshops on Good Distribution Practice (GDP) and share best practices. Our IT department also follow up all workshop guidelines that we receive from GIRP; meaning that we can better predict both the short- and long-term future of the market in Serbia.

Business models change and must be adapted. It is for this reason that we already have a fleet of vehicles – including cold chain vehicles – in place which can be used to support the needs of clients who do not necessarily have much logistical capacity in Serbia. We are also now strengthening our warehouse capacity with a new location and a new 10,000 sqm warehouse to be developed.

Farmalogist is at the forefront in Serbia of utilizing digital solutions in its service offering. What does digitalization mean to you?

We are definitely very excited about digitalization as we believe that this is the correct way to go forward in terms of new business model opportunities. It will definitely produce efficiencies and effective business solutions in the future. We were pleased to see the rollout of e-prescriptions in Serbia, after a long wait, as we see this as one of the first beneficial steps towards a new, digital, era in the healthcare system. All of our staff are looking forward to greater use of digital solutions to make business easier; with the proviso that we must be realistic in terms of how much and at what pace further implementation of these solutions will actually take place.

Where to do you hope to take Farmalogist in the next five years?

We are actually in the process of defining our strategic plan for this period, which we will present in March! We hope that – as a result of this plan – we will remain one step ahead of our competition, that there will be a positive move towards a situation in the market with more data available and more data sharing, with the final result that any strategic plan will be on a more solid base.

How would you like our international executive audience to perceive Serbia and Farmalogist?

We are positioning Farmalogist as a potential partner that is reliable and trustworthy and can provide solutions to any company wishing to enter Serbia. We would like any international CEO leaving an initial meeting with Farmalogist to think, “Serbia may be a somewhat difficult environment, but it is possible to find solutions and overcome any challenge.”

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