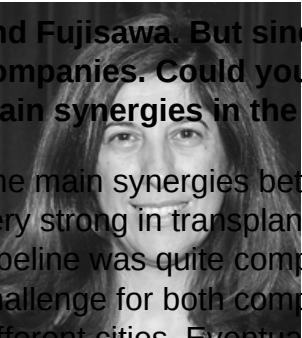


Interview with Elcin Ergun, Vice President- Intercontinental Region, Merck Serono Turkey

19.07.2012

Tags:

[Merck Serono Turkey](#)

ent in the German market for almost two decades through Yamanouchi and Fujisawa. But since 2005 it gained a new identity thanks to the merger of the two companies. Could you describe their integration process in Germany and which were the main synergies in the local market?

The main synergies between Yamanouchi and Fujisawa were in their R&D sectors. Fujisawa was very strong in transplantation and Yamanouchi was very competent in urology. Besides, their pipeline was quite complementary making sense to merge. In the German context, the main challenge for both companies was to unify their operations under one roof, since they were based in different cities. Eventually, Munich was chosen thanks to its production plant and huge R&D center. Naturally, closing down our activities in Heidelberg from the former Yamanouchi meant partially losing valuable personnel – even though Astellas gave the opportunity for all employees to migrate to the new offices, not everyone was that flexible. The merger was also a personal challenge for me since I took over as a Yamanouchi player in a management structure that was now 99 percent Fujisawa. It was not an easy process to get the people on board. Fujisawa Germany itself was built out of Klinge Pharma, which had a very long and well-established presence in the Bavarian region. Its whole management style was different; the headquarters’ functions were completely different to Yamanouchi’s. Consequently, it was a true challenge to change the management style of the people that had been working at Fujisawa for a long time.

But as you can see now, this all belongs to the past. Within four years of the merger, in 2008, Astellas Germany’s turnover passed –200 million. Which were the main growth drivers and what are your expectations for 2009?

The major drivers were the transplant and urology areas. Besides, in Germany, Astellas has a very comprehensive business including OTC products thanks to the ex-Klinge activities. Klinge was also in the pharmaceutical business such as dermatology and pneumology. Besides, Astellas is working now in the clinical area with several products to come. These numbers confirm Germany as the biggest European market for Astellas, being the biggest contributor to our sales and profits. Our outstanding results give us a very good reputation inside and outside Europe. Thanks to its importance, Astellas Germany is always in focus; whatever happens here will invariably have an impact on Astellas’ operations in the rest of Europe. What is your strategy to keep growing in the German market and gain market share from the competition? Germany is a very regulated market; therefore you have to be better organized in terms of sales people and medical reps than the competition in order to succeed. For this reason, Astellas Germany has an excellent, motivated and

experienced team. For instance, the company's average age is 47, meaning Astellas has the most experienced people in the market. I'm a strong believer in the education of people and I put a lot of effort and money in education because only well educated employees can do a good job. This is particularly true in a rapidly changing world where, for instance, the endeavors of a medical rep today are completely different from those he or she had only three years ago. The same is true for marketing, medical, legal and so on. To educate the people and to have the best talent in place means to have the most flexible team in order to adapt and survive in such a fast, evolving environment. A few months ago, your colleague George Laitmer explained to us

how Astellas Greece is well-established in some therapeutical areas but outside of those it is not so well-known. As a very new brand, what does Astellas's name stand for in today's German industry and where do you see room for improvement?

It is true that Astellas is very well-known in transplant and urology fields but not so much in the clinical area for instance. Once you enter a new therapeutical area, you always have to prove doctors that you are a reliable partner. Thanks to Astellas's loyal and motivated team, we will repeat the success the company had in its core areas and become the leader in the new fields Astellas is entering. This means Astellas needs to build up trust and show how reliable it is. Astellas is not just a newcomer that will soon migrate to other therapeutical areas; it will stick to those areas and run for their leadership and excellence. Even though this is a long-term goal Astellas is advancing fast in this direction and is already a reliable partner in all therapeutical areas in which it is involved. It is true that in terms of reputation building to be a Japanese company with a new name in new therapeutical areas is challenging, but thanks to the quality of our products and to the reputation of excellence built in our core therapeutical area, Astellas is already making a difference in those new therapeutical areas and improving the lives of patients more than ever. As mentioned

Astellas has a long and well-established presence in Germany, counting on more than 400 employees. In such a competitive labor market, how did you manage to attract and retain the best talent inside the company?

Besides a competitive remuneration package and attractive bonus systems, Astellas offers its employees a good human resources package such as extensive pension plans and various other social benefits. All of this plays a decisive role in the motivation of our staff. It increases their performance and commitment towards the company, creating a win-win situation. One of Astellas's main goals in the Vision 2015 plan is to become the employer of choice and one of the best compliments I get from other pharmaceutical companies is questions such as

how can you give such benefits?

. It is a real compliment to see that Astellas is doing things differently. It cares for its customers as much as for its employees. This is one of the reasons why Astellas won for the third year the Golden Tablet of the Urology Center. If you put all of those little pieces together you will see that Astellas is on its way to become the employer of choice in the German pharmaceutical market. Besides, Astellas Germany is not oversized and it's not family owned, making it a flexible company where the management know most of the people by name. In Astellas there is a very direct communication and an open-doors policy where people really care about each other.

My main task has always been to make my people successful, this makes me successful as well. Looking towards the future, what are your main ambitions for Astellas Germany for the next five to ten years?

Astellas has several products coming up in different areas in which it is not yet very well-known for. Our main ambition is to become a global player in those areas as well; to build up a reputation in those marketplaces; to show that Astellas is really keen on top quality products in very exciting and competitive new markets, spreading Astellas's reputation of excellence and trust to all new therapeutical areas the company is entering. As head of Astellas Germany,

what would be your final message to the readers of Pharmaceutical Executive worldwide?

Come and join us!

We have a specific portfolio centred around certain disease areas, at the core of which are products in oncology, neurology, fertility, endocrinology and cardiometabolic diseases. We have drugs in these areas such as in multiple sclerosis or fertility which are in many markets, leaders or pioneers in their respective segments.

Overall, we try to introduce our core products portfolio in almost every country that we are present in. Nonetheless, we are a dynamic organization and are attentive to the varying requirements of different markets. Therefore, we tend to adapt our core strategy to emerging markets and in doing so, consider all needs of the population in a given market and shape our offerings portfolio accordingly. In Sub-Saharan Africa, for instance, we have enacted an anti-infective strategy. We are also much more open to external business development opportunities & alliances in emerging markets like my region where we can complement our products and fully utilise our disease expertise in areas such as diabetes and cardiovascular diseases.

Why was Turkey the ideal location to set up a regional management hub for the group?

There are a multitude of elements motivating this decision. One is that Turkey is the biggest pharma market in the region by size, and the most developed in terms of its pharma environment. The country has a very good infrastructure with an ambitious, energetic and committed work force. Also, the country is in the gateways to Asia and ME, so excellently positioned to serve as a hub for my region. Thanks to enormous development of Turkish Airlines in the past few years, it is in very easy reach from all sub-regional hubs such as Tunisia, Moscow, Dubai etc. Turkish Airlines even now fly to many sub-saharan Africa countries directly so will be a big ease in our roll-out for Africa region.

Also, Turkey is increasingly being viewed as a model for the Middle East. In addition to government's many efforts to increase trade and cultural relationships with ME countries that resulted in tangible outcomes, it looks like Turkish television series have got many followers in the region and this seems to have contributed also towards increased sympathy and proximity to Turkey.

In your opinion, what are the must-have for an MNC to succeed in the Turkish market?

Fundamentally, I believe it is critical to have a clear understanding of the local business, regulatory and cultural environment.

As you may know, Turkey has undergone significant changes over the past decade. An example of this dynamic and fast paced environment is demonstrated in the complete overhaul of the Turkish healthcare system in the past decade. In 1998, when I started working in the company, we had separate hospitals systems which were being managed by separate insurance systems. Moreover, reimbursement procedures were more or less automatic when drugs were registered and there was no GMP certification for imported products (Good Manufacturing Practices). At that time, the majority of the population attended so-called SSK hospitals which had a tender system in place. Following this, the hospital system turned into a private market, with a very comprehensive reimbursement system. This resulted in that units grew significantly but we have undergone

significant cost containment measures in the last four years.

In order to adapt to such a rapidly and fundamentally changing environment, having a team comprised of skills that can adapt to change, be agile, and develop and implement strategies accordingly is the most important thing to succeed. I also believe in continuous positive dialogue with all stakeholders in the market.

In 2012, Merck's organic growth has been driven by Merck Serono and Merck Millipore mainly, offsetting declines on consumer health. Has Turkey followed the same trend?

Consumer Health in Turkey is purely managed as a third party business but shows consistent good growth. In addition to this, Merck's local organisation in Turkey is divided into pharma and chemicals.

Both divisions showed good developments in 2012 but pharma division is still being affected significantly from the cost containment measures due to consecutive discounts. Overall, chemicals business is growing and is now becoming partner of many pharma companies in Turkey as Merck Millipore has strong expertise in testing, QA and other processes for pharma industry. Overall, we are being increasingly placed as a strong partner to local industry who are now going through significant changes to adapt themselves towards a more export oriented industry.

Merck and Dr. Reddy's Laboratories announced plans for collaboration to develop and commercialize biosimilars. Meanwhile, a study recently released by IEIS and BCG pointed the fact that Turkey has missed the chance to become a global pharma player with a persisting low level of exports, and is now poised to miss the biosimilars train. Do you agree with analysis? To what extent will Merck Turkey benefit from the collaboration with Dr Reddy's?

In the case of Turkey, it surely has a well-developed oncology pharma market which is our company's primary collaboration area with Dr Reddy's. Turkish government has taken some encouraging steps with its latest incentive program from the Ministry of Science, Industry and Technology which has very specific incentives for biopharmaceutical investment in Turkey. These are now being evaluated in our company and as the new biosimilar program evolves, we will closely look into how Turkey's size and infrastructure can play a role.

In terms of R&D and production, is Turkey a priority for the group's future investments in the region?

Turkey is the 13th largest pharma market, yet it lags significantly behind with respect to R&D investments ranking. Indeed, there is a significant discrepancy between the amount of investment and the size of the pharma market that AIFD, Research Based Pharma Association in Turkey is addressing now with its members also.

Overall, we are at the moment giving serious consideration to Turkey as Merck Serono with regards to future investments in R&D. Oncology will be a key area for such investments.

On a personal note, how are you coping with your new position, with so many countries in your portfolio? What was necessary for you to do, as a manager, as a person, to adapt to this new and very challenging role?

One thing is for certain, I do a great deal of travelling. I have always maintained a degree of curiosity and yearning to explore different cultures. If you lack that interest and drive, then this can become a heavy burden on you.

Moreover, my gratitude is reinforced by the fact that I am responsible for a region that is at the very heart of emerging markets: characterised by the need for increased access to medicines to build healthier and happier lives. Currently, I am preoccupied with creating the infrastructure necessary to overcome the barriers to entry in those countries to make medicinal access a reality.

Our company has a huge donation program in collaboration with the World Health Organisation (WHO), designed to combat and eliminate the Schistosomiasis disease; the second largest cause of child deaths in Africa. We also collaborate with third parties as sponsors of mini-labs to fight with counterfeit diseases in Africa, also detrimental to human lives and a big health issue in Africa.

I am excited that with such initiatives we can truly contribute for better access to health in Africa and this also brings some of the personal satisfactions in my job.

Is there anything else you would like to highlight regarding Merck's strategic presence and commitment to Turkey?

Merck is truly committed to Turkey as a unique player in both pharma and chemicals. Our company's decision to make Turkey a regional hub for its pharma division is a testament of our company's vision for the importance of Turkey as a strategic location serving the Middle East, Africa, Russia & CIS.

In our pharma division of Merck Serono, we will continue to bring new products to the market in all our areas. These will include some very important oncology and PKU drugs.

We are also looking to increase our R&D investment in a targeted way in Turkey. Recently, Turkey's Minister of Science, Industry and Technology, declared that Turkey's pharma future lies in an export led market, R&D investments and biotechnology and they are now putting incentive mechanisms to support this vision. This is a great step and this shift is expected to result in more investment in these areas from our company also.

[See more interviews](#)
