

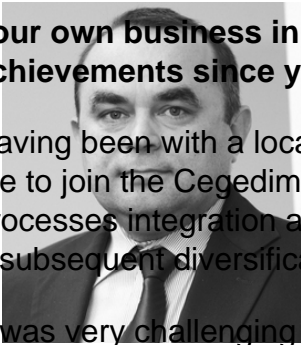
Interview with Petru Craciun, General Manager, Cegedim Romania

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you have been with Cegedim Romania for 10 years, after running your own business initially. What would you say have been your main milestones and achievements since you have joined?



Having been with a local and regional company at first, it has been quite an interesting journey for me to join the Cegedim world. The first 3 years at Cegedim were dedicated to the people and processes integration and to the portfolio of products and services optimization and was followed by a subsequent diversification in the healthcare market.

It was very challenging to ensure a smooth integration. At the time, I did not have a clear idea about how significant might be the communication barriers sometimes. The main challenge was to keep running the operations while guaranteeing customer needs and satisfaction, integrating the new products and especially making sure that the team was able to understand and adapt itself. Even for a company like Cegedim, that is used to different integrations processes, it was quite difficult.

What synergies were you able to create between the global portfolio you gradually brought to Romania and the older portfolio that was first acquired in the country?

Firstly, we have the advantage of having a strong customer base which is essential. This has proved important for both maintaining our first successful activity, the sales data, as well as launching new activities. The market obviously has ups and downs, and by the time the last "up" occurred between 2004 and 2008, we were very well prepared and positioned in the market. This enabled us to reap the rewards of our efforts.

On top of our customer base, there is also the local knowledge that Cegedim has been able to build upon. Local implementation accounts for at least half of the success. Our experienced and loyal team enabled us to manage and master the local knowledge and understand how to adapt to this fluctuating environment. As a result, Cegedim has not been confronted by significant downsizing in Romania.

The key issue in dealing with synergies is to keep customer needs in the first place. No matter how many specificities or difficulties you have to overcome, or how much specialization is needed, if the customer feels that its needs are properly addressed than you are on the good track.

Can you please elaborate on some of the specificities of the Romanian pharma market which create different challenges and opportunities for Cegedim Romania in comparison to Cegedim worldwide?

Rather than comparing to Cegecim worldwide, it is more relevant to focus on the differences between the European branches, because Europe surely is not as homogenous as it claims.

When we compare the West and the East of Europe, we notice that there are many unmet needs in the Eastern countries and the Romanian market is one of the countries which is the least served. To give you an example, when we started the first professional evaluation of the Romanian market in 1996, it was USD 300 million and today it is over USD 3 billion. There has been a huge development in such a short period of time! There were a lot of opportunities and risks during this period. It was challenging because the market has undergone extreme periods and our company revenue growth has fluctuated with the market. While there were years of no revenue growth, other years saw an increase of 40 to 50%. Pharmaceutical products had huge variations as well: +70% and then -50%! This was quite familiar for us but strange for the newcomers. Romania was not a mature market and the dynamics were not too predictable.

After a period of double-digit growth now the market is significantly challenged by the regulatory aspects and public spending containment.

Another specificity of the local market is the relative high power of wholesalers, combined with the presence of their commercial agents, which changes at some extent the traditional landscape.

In terms of product offering, have you been able to bring some of the company's key products to Romania, such as the Mobile Intelligence solutions?

We do offer such solutions in Romania, but it is still a relatively new and very high technology product on the market. Our clients are not always that sensitive or receptive to advanced technology products, having to deal with regulatory uncertainty and cost reduction. At the moment, we are still in the beginning phase but I believe Romania is a promising platform for the future.

Our flagship product, the One Key data base, is of critical importance in order to run properly and achieve results. You need everywhere accurate data, but this is more important in emerging markets than in mature markets where things are more stable. Here, we have to deal with a lot of unpredictability and with different dynamics.

You are also investing considerably in sales force effectiveness and optimization solutions, which is naturally becoming increasingly important in more challenging economic times. It is an area where you can have an impact regardless of the unpredictability of the market. How are you able to support your clients in Romania in this regards?

It depends on each company's position and strategy of course. We can provide them with everything, from total market results to territorial data, from segmentation and targeting to positioning advice and so on. But each company has its own experience. As most of our clients are big market players, it is not easy for a company to double or triple their size while maintaining high performance.

It is a double-side process: on one side there is what we can supply and advise, and on the other side there are the knowledge and the success or failure stories that are already present within the client's organization.

It is important to know people's experience and background in order to have a better understanding. Very recently, many companies are developing a fear for regulatory changes, which clearly adds on to the unpredictability.

You also acquired Pharmec Healthcare Software. What were the factors that made you take this decision?

While looking for new challenges and opportunities, we found the chance to acquire Pharmec. For the time being, we have 35% of the retail pharmacy market share and almost 20% of GP market share. As we are convinced that our mission is to contribute at the improvement of the health standards, we do believe that in the coming years we will be able to get very close to Western European standards.

Sometimes the industry is focusing too much on the product side and not enough on the patient and the healthcare professional. We believe we can smooth this focus. The traditional business model has its limits. Patients and professionals' needs are still unmet in some countries and I think we can contribute through the traditional pharma activities but also through our healthcare expertise.

What makes you a partner of choice in comparison to leading consultants like PwC, Deloitte and especially IMS Health?

There are a few key elements which are very important from the local perspective. We do not only have the knowledge of the market, but we also have good local representation. We are dedicated to our clients, and are very client focused. Last but not least: our reputation is based on trust. We have never made promises we could not keep and have kept all the ones we have made, which is important in such difficult times.

Do you still see room for improvement for Cegedim Romania?

It depends pretty much on the market. We might be able to launch a business for private insurance in mid-term. Considering the current situation and constraints where the public health system is not able to manage itself and is not dedicating sufficient financial and human resources, we must find ways to identify and meet client needs. There is always room for improvement.

Expanding through partnerships also means expanding human capital- not always easy for service providers requiring top-experts with local expertise. Where does Cegedim Romania find the kind of highly-skilled employees with the necessary local experience and knowledge of the local market?

We have many people that have been working here for a long time. They are key resources for the company. We are also very demanding during recruitment and go through a strict selection process in order to recruit only the best talent. We further provide continuous development and training for our employees, regardless whether they are in the technical or commercial departments.

When the economy was growing very fast, it was sometimes difficult to retain our best talents. Our brand reputation, company culture and the professional satisfaction made the difference and allowed us to succeed.

Where would you like to take the operations of Cegedim Romania in the coming 3 to 5 years?

This will of course depend on the market performance. We want to improve the quality of our services and make sure they keep up to Cegedim's reputation. Today we have about 100 people working for Cegedim Romania, a number that might increase slightly.

I also hope that we will be able to improve our activity in the healthcare professional side. We will continue to offer customized service to each of our clients. If the healthcare system in Romania needs improvement, we will play our role.

As an expert of the Romanian pharma sector, what advice would you give to a young CEO who would arrive in Romania?

As the fifth market in the region after Russia, Poland, Czech Republic and Hungary, we are attractive. We have better rewards than Hungary and fewer risks than Russia. The market is looking for quality improvement in all respects. There are still many opportunities.

What is your final message that you would like to send to the international readers of Pharmaceutical Executive?

Cegedim is committed to its healthcare and pharma clients, and even with the different market variables our commitment will stay the same. We would like to do even better work than what we have done previously.

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