

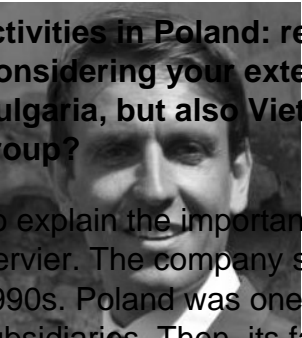
Interview with Philippe MÃ©a, General Manager, Servier Poland

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For pharmaceutical companies, Servier fully operates in all pharma business activities in Poland: research, drug manufacturing and distribution, and health education. Considering your extensive international and regional experience in Romania, Russia, and Bulgaria, but also Vietnam, what is unique here? What is there in Poland that is attracting the group?



To explain the importance of Poland for the group, I would like to come back on the history of Servier. The company started to set-up new international activities in Eastern Europe in the early 1990s. Poland was one of the main countries of focus and it quickly became one of the first subsidiaries. Then, its fast development had a significant impact on the whole internationalisation process of Servier. At the beginning of the affiliate's history, the team in place, facing significant growth, had to convince headquarter for major investments, in order to match the needs of the market and develop operations accordingly. Other countries thus benefitted from the Polish experience, which quickly became a reference.

Servier's investment in Poland were mainly focusing on medical doctor education, facilitated by a real long term partnership developed with Polish opinion leaders who had a strong willingness to learn, a capacity to go in depth and an ambition to set up Poland as a key country among the European societies. Looking today at nationalities on the board of the European societies for cardiology, hypertension or heart failure, many opinion leaders are Polish, which is not the case for all other Eastern European countries.

So, working in close relationship with them, Servier quickly appeared as a real partner, giving access to last updated information through congresses or disclosures, and then supporting on spreading this information to all doctors. The company was also among the first to invest in research, and took part in the training of doctors and their staff for conducting high quality clinical trials.

On the company profile, we can read: 'invent or die', which is a strong statement. Indeed 25% of the group's turnover is reinvested in research, a lot more than what we see with big pharmaceutical companies. Servier has international Centres for Therapeutic Research (ICTRs) in 19 countries, including Poland. Why was Poland chosen?

The fact that Servier entered the country when the market was opening, partly explains the investments in research. Poland was one of the most important countries for clinical research in the last years, even if today Russia and China are growing in importance. Poland's main strength in this field is the high level of skills from medical doctors and their capacity to recruit patients. This is

not only observed by Servier but also by most of our competitors in the market. Today, Poland is one of the main participants in terms of number of patients involved in international clinical trials.

Having worked in Russia, the high complexity of the market environment in Poland might not be new to you, but how does Servier Poland manage to adapt to constant change in the market?

It is true to say that I could have a different opinion from others, perhaps due to my experience in Asia, where the market is still under development. Although Poland entered the European Union (EU) in 2004, it is still keeping some specificities and a lot of catch up to do, but it is moving on the right direction. Some colleagues are today complaining on specific rules, especially about new laws which are under process of implementation. I probably perceive change in a slightly different way: a new law should help the market to be closer to European standards. The last example is the expected implementation of the EU transparency directive from January 2012.

I also have to acknowledge that there are some major issues in Poland. The country's decisions makers plan to implement rules taken from Western models, mainly driven by price restrictions. But, at the same time, they do not open the door for better recognizing innovations. Polish Authorities want to strongly keep the specificities of the Polish market, with high generic penetration, low reimbursement of products, which means bigger co-payments for the patients.

What Servier Polska has experienced over the last two years was unusual in Europe. The company lost two major marketing authorizations in the harmonization process when Poland entered the European Union (EU), deadlines were given for harmonizing products registered before 2004 whereas the harmonization process of these two products had been successfully completed in the other European countries. Considering that the rules are now standardized in Europe, the decision taken by Polish Authorities is questionable.

Looking at the company's product portfolio, how do Servier's main therapeutic areas fit to the Polish population?

Servier focuses mainly on chronic diseases, cardiology, hypertension, coronary artery disease (CAD), and diabetes. There are still many steps to achieve in the management of these pathologies, as plenty of Polish patients are not treated today. Although the prices of the products are very low, there are still many patients who even do not have access the treatments.

How important is Poland for the group today in terms of revenues and growth potential?

Thanks to Servier Polska's achievements, the affiliate remains in the top five subsidiaries for the group, with France, Russia, Italia or China. It is remaining an important country from which we can continue to expect further development. Even if the country can be perceived as a "low cost market", our investments are remaining important, justifying our long term strategy. This dilemma, related to market conditions, is something we need to solve. It is not specific to pharmaceuticals, as other businesses face the same issues. Nonetheless pressures on prices, balanced with good volumes, allow maintaining a significant contribution to global operations.

What is on your agenda to further gain market share in Poland and increase competitiveness? Any acquisition in mind in the like of Anpharm in 1997?

The acquisition of Anpharm at the end of the 1990's was driven by the objective of long term investment in the country and a production unit answering to the local demand. Due to the quality of our partnership with the medical bodies, we are remaining confident about the future. According to our needs and development, the production capacity of Anpharm can still be adjusted and increased.

For example, a new production line should open next summer, answering to the introduction of new forms of our current products in Poland.

Servier's market share in Poland is well developed, especially in our field of interest such as cardio-vascular diseases, diabetes or depression. Our capacity to maintain it should require succeeding in the introduction of our innovations, answering to unmet medical needs.

Servier Poland received many titles as a reliable partner to the medical community in several therapeutic areas, such as cardiology, hypertension, and diabetes. This recognition is due to a strong commitment of the company towards the country. What are the main actions and initiatives that you have taken as the head of the affiliate in terms of corporate social responsibility (CSR)?

Servier does more than just investing in the country; this is part of the company's philosophy and it is at the centre of our corporate culture. As an independent company, Servier has the chance to avoid stakeholders' pressure, and reinvests a major part of the company's turnover in research, which also allows real partnerships with medical bodies. The early entry of Servier in the Polish market has helped in that respect.

I am very happy that you noticed this specificity because the part Servier takes in education of the patients is significant, in the likes of specific programmes in cardiology – one of them is called ‘Servier for the heart’, where a truck driving from one city to another, transports medical professionals who bring diagnosis on pathologies. This program has been running for over ten years now. Servier has also in place in Poland a program rewarding the best journalists and articles about important diseases, taking doctors as jury for the selection. With the support from the Ministry of Health (MOH), Servier could even go deeper in health education initiatives.

I feel that corporate social responsibility is part of Servier's mission. Poland is perhaps the country where the company can express itself in the best way in this regard. Actions can be taken at an accessible cost. The image of Servier in Poland is fitting quite well with the internal objectives set up for us.

Even though this is Poland, we are seeing Servier today! Considering it is a hot topic in Europe, especially in France, it is difficult for us not to talk about the controversy around the Mediator. To what extent do you feel that the issue is affecting the image of Servier in Poland?

The product Mediator has never been marketed in Poland, meaning that no Polish patients have ever taken the product. Only few articles have related facts in France.

How are the French perceived in Poland? How much of a challenge is it to be an expatriate in this country?

Due to the history, France is well perceived in Poland and the cooperation between the two medical societies is well established.

In 2009, when we asked the founder: ‘If Jacques Servier was a young man, where would he start?’, he answered ‘I might not even choose the pharmaceutical industry; mainly because the time between the idea and the outcome is far too long. You have worked for Servier for eight years now; what keeps you going in this industry, and what are Servier's strengths that appeal to you?’

Everything suggested that I should start a career in the pharmaceutical industry. By education, I am a pharmacist, initially attracted by sciences. At the University, I discovered the large scope of opportunities offered for further development, by this industry. So, my knowledge and network naturally led me to this field. Later on, different experiences at the international level gave me a better understanding of the health care systems, in Asia, Eastern and Western Europe. Such various references help me today to clarify my vision, to anticipate the trends, which is a motivating factor, and keeps me from looking at other businesses.

Now, what does Servier bring? Looking over the last eight years spent in the company, I feel very comfortable with the three key principles of the company: 1- satisfy the needs of prescribing physicians and the patients who benefit from our products 2- contribute to medical progress through our research 3- foster the personal development of each employee in and through the company. Behind these words, we can easily recognize what drives the internal decisions but also, what sense is given to our work and the highlighted values, such as respect or humanity. In my daily activity, it is translated into an important amount of trust but also freedom to suggest solutions and to take local decisions. Of course, there is a certain degree of centralization of strategies and reporting but the company is also requiring entrepreneurial profiles, with a strong ownership. It means that there is a space for discussing local strategies, taking into account the country specificities and for involving the junior management on key decisions. This is what I am looking for in my job.

Is this entrepreneurial spirit something that you had before joining Servier or this came with the experience in all these different countries? Have they formatted your management style?

It is probably part of the recruitment criteria but on top, Servier brought me the space to express myself. In comparison, I can only refer to my previous experience, working for six years in the pharmaceutical branch of Procter & Gamble (P&G). It was a wonderful start to learn methodologies and key principles to work. We were constantly pushed to optimize our efficiency, by deeply analyzing situations and anticipating all type of situations. It was also an excellent school to structure my thinking and learn how to write "one page memorandums". But, at the same time, the decision process was slow and projects were not carried out until the end, driven by short term profitability expectations.

In Servier, the financial independency of the company helps to think and act in the long term, generating many projects which can be led locally.

What is interesting in managing companies in emerging economies: to come with a very strong set of rules, or to have the flow to adapt?

By definition, an emerging market is a moving one, which does not answer to established and standard rules. It is usually combined with important market growth. It means that operating in such market is a real challenge, requiring to early identifying minor signals which will become the trends for the future but also find ways to allocate properly resources for catching business opportunities.

It requires finding an appropriate way of working, constantly reviewing the operating model in place and questioning about the validity of the learning's. But this environment also helps to develop adaptability, capacity to keep an open mind and a strong capacity to focus on clear objectives and priorities for the company. Only a good balance between these competences can generate success.

Through my different assignments in emerging economies, I discovered all benefits of working in such environment. It develops the capacity to solve the problems, to trust people whatever their culture or education and finally to develop operations. And due to the reactivity of these markets, a well defined action plan generates a quicker respond.

Do you have a final message for the readers of Pharmaceutical Executive?

I appreciated that you have chosen Poland as a key country to start your analysis of Central and Eastern Europe, because the country and the market deserve it. The country is too often seen only as a generic market, hiding its potential of development if investments are done in long term. Nevertheless, the remaining key issue remains the lack of recognition of the innovative industry.

Executives in the industry worldwide focus at their innovative pipeline, and see where they can quickly answer to unmet medical needs with their innovations, before being out of patent. Well, today Poland can not satisfy their expectations because unfortunately, polish patients have to wait longer than others, before getting access to medical innovations. However, even out of patent, facing strong competition from generics, there is a room for further development of the original drugs.

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