Florent Darchez – Managing Director, Servier Morocco



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26.09.2023

Tags: Morocco, MEA, MENA, Servier, Manufacturing, Oncology, Strategy

Servier Morocco, with its robust portfolio of 15 products and a turnover of EUR 30 million, has forged a leading position in the local market. Managing Director Florent Darchez explains the affiliate's goal to expand its oncology footprint while aligning with national coverage policies to broaden overall access to its medicines. In addition, he discusses Servier's Moroccan manufacturing presence, the commitment to manufacturing locally with the local market accounting for 70 percent of the output of its Nouasseur facility, and he outlines the Servier Morocco 2030 strategy.

What has been your experience of the Moroccan healthcare landscape and what observations have you made?

My experiences in the Moroccan healthcare landscape have been quite distinct from the other markets I have worked in, such as Indonesia, Mexico, and Algeria. In Morocco, despite reimbursement, patient still pay between 30-50 percent of their medecines. This sets it apart from markets like Mexico, where you had fully reimbursed essential medicines and a private market with high prices. In Morocco, medicine prices are exceptionally low when compared to European markets. These prices are more akin to some of the world’s lowest, like Portugal and France.

It is a market with low prices, partial patient reimbursement, and interestingly, no over-the-counter (OTC) segment. This absence of an OTC market could potentially limit opportunities for free pricing

and innovation. Despite this, Servier has established a significant presence here, ranking as the fifth largest multinational in the Moroccan pharmaceutical market. We currently hold a two percent market share, which is quite substantial, given the norms in this region. Our long-standing presence since 1994 and the creation of a factory in 2003 have contributed to this strong position. In essence, Morocco is a privately oriented market where products are partly reimbursed, and Servier excels, particularly in areas like hypertension, cardiometabolic diseases, and diabetes. We foresee further growth potential in the field of oncology.

Comparing Morocco to markets like Indonesia, Mexico, and Algeria, there is really no direct comparison. Indonesia, for instance, boasts a population of 240 million and transitioned from a primarily private market to one with public coverage while retaining a portion of the private market. In Mexico, there is a substantial private market alongside a smaller public one. In contrast, Morocco operates as a public market where patients do contribute financially. Although private doctors are accessible, patients are only partially reimbursed, and they need to cover some costs themselves. This model is distinctly different from the markets I have experienced previously. Morocco can be described as a price-sensitive market, where reducing prices can lead to increased sales volumes. However, it is important to note that many players are now decreasing prices, which has somewhat diminished price elasticity in the market.

What are your current focus areas in leading the Moroccan affiliate?

My initial approach was rooted in recognizing the strength and stability of the existing management team. While the core of the operation was functioning excellently, we made incremental improvements, understanding the principle of “if it works, don’t fix it.” However, we anticipate potential structural adjustments in the future, especially to align with the Servier Morocco 2030 vision and expand our reach to better serve patient needs in Africa.

Maintaining agility is another paramount goal. This involves expediting decision-making processes, streamlining operations, and leveraging digitalisation to enhance efficiency. Additionally, we are dedicated to bolstering our industrial competitiveness since market prices are on a downward trajectory. To sustain our investments in R&D and continue delivering innovation in Morocco, we must make our industrial operations more competitive.

Engaging our workforce has been a central theme. Servier operates as a foundation and is independent. This unique structure means that we must generate our funding for R&D and direct all profits toward furthering our research and patient care, rather than shareholders’ interests. I am

proud to report that 91 percent of our affiliate’s employees are highly engaged in contributing to the company’s performance. This level of engagement is a testament to our commitment to generating benefits for patients, not shareholders, and it is something that sets us apart.

Moreover, we are focusing on our social impact beyond our medicines. Socially, we have been actively involved with the Mécenat project. Servier serves as a founding sponsor, contributing approximately EUR 100,000 to the EMA association. This initiative aims to build schools for teenagers who have fallen out of conventional educational pathways. Over a span of two years, we work to reintegrate them into the system, equipping them with diplomas and opportunities for gainful employment. Our commitment to making a positive impact extends beyond the realm of healthcare, reflecting our broader responsibility to society.

How would you describe Servier’s current positioning in Morocco’s pharmaceutical sector?

Our current position is marked by a robust portfolio comprising 15 products, which contributes to a turnover of EUR 30 million. Our presence in Morocco has been characterized by success, and this can be attributed to the favorable business environment in the country. In comparison to some neighboring nations like Algeria, where local ownership requirements can be quite stringent, Morocco offers a more open and conducive atmosphere for businesses. This accommodating environment allowed us to establish a factory and ascend to a leadership position within our market. Additionally, it has enabled us to take strategic steps towards establishing Morocco as a pivotal hub for Servier’s operations in Africa. Looking ahead, our vision for Servier in Morocco involves further investments in the local ecosystem and nurturing local talent to take up senior roles within our organization and across the region.

We are actively working on expanding our footprint in oncology and we aim to fortify our leadership position in the field of cardiometabolic disease. Our broader objective is to provide Moroccan patients with access to affordable medicines in substantial quantities. This aspiration aligns with the opportunities presented by national coverage policies. We are optimistic that these policies will drive an increase in patient volumes. They have already spurred market growth, transitioning it from a two percent growth rate to a more promising range of five to seven percent.

20 years after deciding to enter Morocco with a manufacturing facility, how relevant do you think it is to have manufacturing here and how does this serve your affiliate's positioning not only for the Moroccan market, but for Servier globally?

In today's global landscape, it is noteworthy that many factories are closing rather than opening. This trend is primarily driven by the ongoing price decrease in the pharmaceutical sector. Multinational corporations, as well as local players, are striving to rationalize their production lines. They often specialize specific factories in particular forms or product types. While this approach aligns with some authorities' desires for local manufacturing, it is not always feasible worldwide. In cases where manufacturing costs would significantly increase or where certain specialized forms are more competitively produced in other locations, importing products becomes a more practical option. However, our commitment is to manufacture as many of our products as possible here in Morocco. To achieve this, we have strategically specialised our Nouasseur facility, which has proven instrumental in our local operations. It enables us to enhance our profit margins and make investments in the promotion of local research and development. Ultimately, this ensures that a significant portion of added value is created locally. Currently, approximately 90 percent of our portfolio is manufactured here in Morocco.

Looking to the future, the suitability of this manufacturing approach is somewhat uncertain. It hinges on the trajectory of pharmaceutical prices. If prices continue to decrease significantly, it may become increasingly challenging to sustain our operations. However, if prices remain relatively stable, which is a hope I share, especially considering that local prices are already lower than those in Europe and the Moroccan population is smaller, there is reason to be optimistic. It would be beneficial if the government continues to maintain price stability, especially for locally manufactured products.

The Nouasseur facility holds immense importance for us. It provides us with the capacity to export our products not only to various African nations but also to France. Notably, our facility is one of the very few in Morocco that has received approval from the French Agency for Food, Environmental and Occupational Health and Safety (ANSES) to sell products in France. This is significant as it grants us access to one of the world's largest pharmaceutical markets. Furthermore, our ability to manufacture products locally allows us to generate the necessary volumes to reduce production costs. This cost efficiency, in turn, enables us to offer competitively priced medicines while maintaining high-quality standards.

Aside from just creating a high volume of products, does your local manufacturing facility have the capabilities and resources needed to create the complex, high value products that are becoming increasingly important in healthcare today?

One of the primary challenges we face in this journey relates to human resources. Finding first-line managers who are educated in Europe or at top schools in Morocco can be quite challenging due to the associated costs.

Manufacturing products locally becomes feasible when prices are reasonable and when reimbursement mechanisms are in place. However, it is important to acknowledge that not all products can be manufactured in every location. Some pharmaceuticals require highly specialized manufacturing processes that are distributed across multiple sites globally. Each of these sites specializes in the production of a specific drug, often with advanced technological requirements. For certain therapeutic areas like oncology and immune diseases, having a factory in every country is not practical due to the complexity and specialisation involved.

Maintaining a manufacturing footprint is undoubtedly a challenge that requires diligent management. Still, it also represents a significant advantage. Authorities recognize the value of local production, especially when it involves exporting products, as it contributes to the overall economy. This recognition creates a supportive environment for pharmaceutical companies operating in Morocco, making it a favorable aspect of our operations.

How easy is it to export out of Morocco and what potential do you see for Servier's positioning across Africa?

Exporting pharmaceutical products out of Morocco indeed holds immense potential but is not without its challenges. One of the primary difficulties lies in obtaining resale certificates, which can be a bureaucratic process involving negotiations with regulatory bodies. Gaining GMP certificates, which are essential for pharmaceutical exports, can also be a complex and time-consuming endeavor. In some cases, the political vision for export may not align seamlessly with the technical realities on the ground. To fully leverage Morocco's export potential, there is a need for a regulatory revolution aimed at simplifying processes, making them systematic, and ensuring alignment between policy and practice. While digitalization can facilitate these efforts, the key lies in the laws and decrees governing export processes, which need to be streamlined and efficient.

Our export strategy from Morocco is pivotal to our overall operations. Approximately 30 percent of the pharmaceutical products manufactured here are destined for export markets, with the local market accounting for the remaining 70 percent. This strategic choice to export allows us to maximize the productivity of our Moroccan operations, ensuring their financial sustainability. While we do serve the local market comprehensively, the export of 30 percent of our products to the rest of Africa represents a significant opportunity. Africa's pharmaceutical market is characterized by higher prices and lower volumes, although the entry of generics is gradually increasing volumes. Additionally, we manufacture generics both for Africa and for the French market, which further diversifies our portfolio.

Last year Servier unveiled its 2030 ambition. How has the Moroccan affiliate received this new corporate strategy and what has the implementation looked like so far?

The Servier 2030 corporate strategy has been met with an extremely positive reception here in Morocco. Our management team conducted an extensive session with our employees, effectively cascading the entire strategy within half a day. One unique aspect of Morocco is that we function as both an affiliate and a manufacturing unit, which means that the Servier 2030 strategy is wholly applicable to our operations here. However, it is important to note that we cannot simply copy and paste a strategy; instead, we have customised Servier 2030 to create Servier Morocco 2030. Our primary objective is to serve African patients while making a positive social impact.

In this regard, we have already been investing in initiatives focused on youth education, and we are actively working to make our operations site more environmentally friendly and sustainable. Furthermore, we are strategically positioning ourselves to become a key player in oncology, an area of significant importance for the future. We already hold a prominent position in the field of cardio-metabolism on a local scale. Additionally, we aim to offer pharmaceutical products at affordable prices, not as generics but as original molecules with cost-effectiveness in mind. Our industrial site plays a pivotal role in aligning with the Servier 2030 strategy.

Our focus also extends to modernizing our operations, creating a more agile organization through digital processes, and, importantly, nurturing and engaging our employees while developing local talent. We have identified 20 local Moroccan initiatives that are in harmony with the seven core axes of the Servier 2030 strategy. These initiatives are set to start by November, and we will closely track their execution monthly to ensure alignment with the timeline and objectives of the 2030 strategy.

You mentioned an ambition to increase Servier's positioning in oncology here in Morocco. What is your perception of Morocco's ability to afford these innovations and Servier's ability to expand in this therapeutic area in what is a low-price market?

It is true that we observe relatively low prices for pharmaceuticals, especially in areas like hypertension and diabetes. However, when we consider oncology, the situation is different because prices in this therapeutic area are significantly higher. In oncology, there's limited room to reduce prices because it is a domain driven by innovation. Maintaining a focus on research and development is essential for advancing cancer treatments and like every innovation, we need to finance it.

The challenge in oncology lies equally in market access and pricing. Even after a drug is registered, it must be reimbursed to ensure patients can access it. The real concern is that, without adequate solutions, Morocco might face the stark reality of relatively young individuals succumbing to cancer. To address this challenge, they need to explore innovative ways to finance healthcare coverage, particularly in areas like oncology, where substantial breakthroughs are occurring. For instance, we are launching a range of precision medicines that demonstrated nearly three times the overall survival rate for some cancer compared to standard regimen. This highlights the importance of finding sustainable financing solutions, which could involve collaborations with the government, or the implementation of special access programs.

How would you describe the relationship within Morocco's healthcare ecosystem stakeholders such as authorities, healthcare companies, health professionals, and patients?

The dynamics within Morocco's healthcare ecosystem are quite positive. These relationships have been built over the years and are characterised by a spirit of continuous improvement.

In our efforts to diagnose and treat patients effectively, we collaborate closely with medical associations and sponsor awareness programs in our therapeutic areas. However, despite our best efforts, there are still significant challenges. For instance, in conditions like hypertension, there are roughly 10 million patients in Morocco, but only half of them are diagnosed, and just half of those diagnosed receive treatment. And finally, only half of these patients have their condition under control. As a result, less than 15 percent of the population is controlled and protected. The same holds true in diabetes. The healthcare system, including pharmaceutical companies, healthcare

professionals, and authorities, must work together to improve this unacceptable situation.

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