Interview with Denis Patrashev, General Manager Galderma Russia & CIS, Galderma Laboratories Russia

04.09.2011

Tags: Galderma Laboratories Russia

You were working for GSK since 2003 before joining Galderma this year. Some within the industry might view Galderma as a step down from the third-ranked pharmaceutical company in the world. What convinced you to take this position?

I would certainly not call my transition to Galderma a step down! From my point of view, deciding to take a position at a smaller company is a new stage of professional development.

GSK is a large, multi-national organization and is a great school for any young professional in our industry. When you work at GSK, you learn quite a bit, and very quickly. There is a wealth of opportunity, and a dynamic environment both inside and outside the company. You have a broad range of possibilities: perhaps you start as a medical representative, move to a sales manager position, then to a product manager position, then you go here, and then you go there, and etc. This is descriptive of my own case, as I started as a product manager, subsequently took several marketing positions, moved to country manger, and so forth.

After seven or eight years working in GSK, I understood that I wanted to do something with my own hands, so to speak. When you work in a huge company, with a huge staff and many tiers of top-level management, sometimes it is quite difficult to sense the effects of your work, or to personally affect the direction of the company.

When you go to a smaller company, you have the opportunity to roll up your sleeves and make things happen.

Therefore, for me, this transition is very interesting and I find myself very motivated to contribute to the development of Galderma. I find it interesting personally, and professionally. I want to help this company to increase its sales, its market share, and its influence in the Russian market. This position holds a lot of promise.

At GSK, you were most recently charged with setting up the dermatology business unit in Russia, on the heels of GSK's acquisition of Stiefel. Continuing your work in dermatology at Galderma, do you believe that Russia is a market that is still largely focused on basic disease? To what degree is patient awareness a challenge for dermatological businesses operating here?

Actually, I believe that Russia is evolving beyond this focus. I see that the dermatological market here is at a very interesting stage of development. A growing interest in pure dermatology, aesthetic and corrective dermatology, skin care, etc., is a sign of the population's well being. Indeed, when a society is poor, it can only think about social diseases like oncology, COPD, etc.—it needs to think about its basic health.

However, when you transition toward a healthful population, and you have money to care about something more than just basic disease, you start to think about not only health but also skin care and aesthetics. For me, Russia has reached this stage. The economic situation is quite favorable; people have enough money to consider 'supplementary' channels of care. They begin to think about their skin, about sun protection, etc.

I do not mean to say that patient awareness is a non-issue on this market—of course, it remains a challenge to this day. However, we at Galderma view the rate of patient awareness as an opportunity. It means we have a lot of ground that we have yet to cover.
If you want to capitalize on the dermatology market here in Russia, your first step is to create and develop this market; you have to develop awareness. Then, educate people on how to manage and treat dermatological disorders.

What strategy is Galderma taking to communicate the importance of dermatological treatment in Russia?

We have three major businesses sectors. The first is in Rx—classical prescription brands used to treat skin diseases like psoriasis and skin cancer. The second franchise is OTx—these are medical products used for treatment of conditions that are less severe than cancer, but are still unfavorable: for example, acne and are available without prescription. The third business is aesthetic, corrective and hospital products . Recently, Galderma acquired a company called Q-Med, and its aesthetic products have been incorporated into our portfolio globally as well as in Russia.

For every franchise, we use different approaches toward education. For example, in Rx, it is a matter of educating doctors. We sponsor programs to that effect, actively collaborate with the Russian Dermatological Society, and sponsor key dermatological events in Russia.
In OTx, we have a wonderful opportunity to speak to the final customer. For example, we have a TV campaign on a regional level in Moscow, St. Petersburg, and Novosibirsk. Just now, we are preparing the launch of a major new brand, which is registered as a cosmetic product but will be promoted as a medical skin care product..' This product is indicated for atopic dermatitis patients. It will be a real mega-launch, and we will use a number of channels across various media to promote awareness, including various internet tools.

Finally, we come to our aesthetic,corrective and hospital product classes. This is a very large and very interesting franchise. The basis of promotion in this case is again the education of doctors—and not only theoretical education, but also instruction in the practical skills necessary to use the products. For cosmetic surgeons and other injectors, for example, we offer two or three weeks of workshops, and offer them the tools to be able to utilize our innovative therapies. Our investment into this kind of education is very substantial.

There is a link in the chain that you have not mentioned—Galderma's increased focus on pharmacies. Does this continue to be an interesting marketing and educational channel for Galderma?

Yes, it does. The importance of this channel is reflected in our overall strategy. In Russia, our biggest income source is in OTx products. I have mentioned already that in this side of the business, communication with the final customer is pivotal. Of course, the place where you really meet your final customer, in this case, is the pharmacy. We focus on the availability of our products in the pharmacies, and the awareness and promotion of the products in the pharmacies. We ensure that pharmacists are informed and knowledgeable.

The landscape is now changing. Three, four years ago, it could be argued that the main force on the Russian market was the wholesaler/distributor. They had the opportunity to set markups, and were quite liberal in doing so. Today, distributors are limited in this practice by the government, and now the power shifts toward the pharmacies. Firstly, they have the power to decide whether to offer a given product in the first place. Secondly, the pharmacies are themselves limited in markups, so they try to earn money not only from product turnover, but also additional services like the number of boxes featured on the shelf, the selection of the shelf itself, and etc.

In our conversation with Oriola, Mr. Henry Fogels maintained the same: market power is shifting to the pharmacies. First distributors, now pharmacies: do producers themselves have little influence?

Of course, producers retain their voice in the market. However, if you want to be successful, you must build a network of good partners, and the reality is that now we have to focus on ensuring good relationships with pharmacies. If five years ago, pharmacies were simply a point of sale, today, they are full partners. Wholesalers, for that matter, remain quite powerful, and they are very large organizations: if you want to achieve good results in Russia, you must similarly maintain strong relationships with them.

Pharmexpert reports that Galderma Russia enjoyed 82% sales growth over last year, driven by the success of Loceryl, which grew by 145.6%—to be sure, impressive figures. You mentioned that you have a 'mega-launch' on the horizon; can we expect Galderma to maintain this momentum?

Indeed, the success of Loceryl is fantastic. I attribute its success to Mr. Leslaw Rudy, my predecessor in the GM Russia role, —it was his marketing project. He convinced our headquarters in Lausanne that now was the right time to invest. Every investment is a risk, but he argued that Loceryl was a worthwhile risk. Thanks to this initiative, and thanks to the confidence of our headquarters, Galderma's additional investment in OTx promotion—e.g., TV and pharmacy promotion—was the key driver in the breakthrough of this treatment.

Another factor in Loceryl's rapid growth is that two years ago, when Galderma decided to ramp up the campaign for the product, I would say that the market for this treatment was sleeping. The market was not empty—there were a few players, some of them quite powerful. However, the therapeutic area was not a priority for these players, and Loceryl was the first brand to really explore this field.

As for next year, we will have to see! Of course, we want to continue the investment into OTx. We feel—and I am not speaking of a gut feeling, but of a feeling based on market analysis—that the OTx area continues to be a strong investment opportunity, and that we can continue to increase the market share of our products. We expect strong growth in existing products, including Loceryl, which has had a strong start, but is only in its beginning stages. Of course, the growth of our existing portfolio will be only strengthened by the launch I mentioned.

Galderma in Russia has enjoyed the achievements we are now speaking of by investing in only three major cities, and covering a total of eight cities with our field force. If we continue to strengthen our coverage, and continue to invest in our reps, our growth rate will surely remain quite high.

Do you expect to be able to broaden your national coverage? It seems that in cities like Moscow, people certainly are worried about their dermatological health—but is there much demand in the outlying regions?

I would say that the market is favorable even outside of the major cities. We look condition by condition. Of course, if we speak about facial aesthetic treatment, demand drops off outside of cities like Moscow and St. Petersburg. However, sun protection is quite important in south of Russia, like Krasnodar and Sochi! To take another example, atopic dermatitis is perhaps a more significant concern in the cosmopolitan centers, but is still an attractive market in places like Ufa and Yekaterinburg.

There is not one approach for the whole market—Russia is a mosaic. Different regions have different needs. You have to flexibly adjust your strategy based on these local characteristics.

Galderma is a small company. Michael Crow at GSK told us that his regional managers have the autonomy of country managers, and it is quite reasonable that they can flexibly respond to diverse regional needs. Does Galderma really have the resources for a 'mosaic' strategy?

It is true that a larger company has greater resources. However, our advantage is our specialization. We are purely dedicated and committed to dermatology, and we are experts in this field. We have a great relationship with all key opinion leaders, with dermatologists in hospitals and polyclinics, and etc. This is the key to our success, and we can flexibly adapt despite being a smaller organization.
Talented staff is also extremely important. For me as a general manager, one of my biggest challenges is to retain our talent. In a big corporation, employee turnover is approximately 20-25%. For a 1000 person company, perhaps this is still ok. On the other hand, when you have 35 people in a market company, and you lose seven of them, this is a disaster.

How do you retain this talent?

Motivation is crucial. In Galderma, people understand that they are not part of some large machine. They are empowered to decide how best to operate, and they own the business on their territory. I think this motivation is a good tool for staff retention.
Within the one and a half months that I have been at this position, I have had several meetings with the medical representatives working in our regions. I understand that they are not medical representatives in a big company—when you are a rep in a big company, you are responsible only for doing visits; that is it. When you are a rep in Galderma, and you operate for example from Krasnodar, you are responsible for Krasnodar, for Sochi, for Stavropol, etc., etc.: you are responsible for a large part of Russia and for all sales therein. You personally decide which conferences to organize, which key opinion leaders to contact, and so forth.

What do you believe is the significance of the Russian market for the global Galderma Corporation?

The Russia market is important. In my experience with Big Pharma, I noted that Russia was a very ‘strategic’ market, rather than a market that was already a significant revenue source. However, when I came to Galderma, I was pleasantly surprised to learn that in the Asia Pacific region, for example, Russia is already the second largest market. Only Australia earns more revenue for the company, and I think that that is chiefly a matter of the different healthcare system. Hence, Russia is already a significant market, and it is strategic as well.

Galderma in Russia has advanced from a business that earned 400,000 EUR seven years ago to a business that earns approximately 29Mn EUR today. As the new country head, how can you build upon this success? What are your personal ambitions for the company for the next years?

I cannot yet provide specifics—in September, I will have a meeting with our headquarters to provide my ten-year perspective and vision for Russia . For now, I can say that definitely, our first task is to continue to grow at a rate that significantly outpaces the market!
This is a one-focus company, and the focus is absolutely understood by every employee—from CEO to medical representative. We understand what we are doing, we understand our patient profile, and we understand the reasoning behind our actions. I believe that this is a strong formula for continued growth.

What is your final message to the international readers of Pharmaceutical Executive?

I have a personal slogan. As a sportsman, if you are the winner, you are the winner. However, coming in second place means you are the first loser. Whenever I want to do something, I follow this philosophy. I do not want to be the first loser, so I always seek to be the winner.

See more interviews