Interview with Jacques Servier, Founder, Servier France



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Dr SERVIER (1)Do you feel the industry has changed more over the past ten years than over the entire 40 years before?

It’s an optical illusion. People always have had the feelings that things are moving faster while the truth is that they have always been moving at this pace! The only difference is that now there are seven billion human beings to as opposed to one billion in the past.

The last ten years has proven or rather confirmed, that life expectancy is constantly increasing. During the time of Jesus, 19 years was the average which extended to 35 years in the middle of the 19th century, and is presently nearly 90 years old. Medicine has long been focusing on life expectancy, but it might have sometimes forgotten in the past about overall well-being and relief from suffering.

For the most part though, progress has just gone down its own path. I think that there are two types of progress, the first being sudden progress that can change the entire industry such as when insulin was discovered in 1920, or when antibiotics were initially implemented. Yet one cannot forget the second and more common, daily progress. If you look at cardiovascular diseases, an area where mortality rates have been in constant decline over the past 20 years: there has been no spectacular progress, but small improvements to medicines or surgical techniques occurring year after year.

A World Health Organization study two years ago found that the French had the longest life expectancy while still maintaining their health. Nobody knows why but I would guess it’s due to a certain moderation in lifestyle.

You always say that it has become impossible to create a group like Servier from scratch. Why is that?

Beyond the administrative complexity, I think the biggest issue would be the speed at which the industry moves today. Things have become very slow and take too much time, for example, in order to create a product nowadays you not only have to discover it but then you need another minimum 12 years to develop it and get it on the market. That requires huge amounts of cash, and a very strong organization, for uncertain results put it out of reach of initiatives from one individual.

If Jacques Servier was a young man, where would you start?

I would really not know where to start, and I might even not choose the pharmaceutical industry; mainly because the time between the idea and the outcome is far too long which is not a motivating factor. This aspect has even become more prevalent in the past ten years as you mentioned before.

How do you explain that Servier is amongst the very few pharmaceutical companies that have managed to impose itself internationally despite the strong base of the French market?

It’s quite complicated and rooted in the history of the domestic landscape. Before WWII and right afterwards our pharmaceutical industry was already very capable, but the leaders were quite old. The other factor is that in 1938 prices were frozen and remained that way for years, which killed the dynamism of the industry.

Our decision to go international was taken because of several factors, not the least of which is that France is a country of revolutions meaning anything could happen on the French market making it a prudent idea to diversify outside. Moreover, the world is a big place, and therefore it is in your best interest to be present in numerous countries which is an aspect that gives us security today.

As to why other leaders did not internationalize, I think they were simply tired. Many young people had died in wars, leaving no next generation to follow the path of their parents.

Going global might seem obvious nowadays, but times were very different then. What gave you the strength to go abroad?

It seemed very obvious then already! If you had known the state of misery in France during the 1950s, you would understand. The economy was poor, and France was a country with no hope and people stuck in the past.

On the contrary when I was travelling abroad, I met people that were very entrepreneurial and believed in the future. Internationalization was not an easy process to undergo and was even harder as our subsidiaries were created from scratch with very little funds.

Servier belongs to a foundation and never floated its capital on financial markets. How did you resist this trend all these years when the other French champion –Sanofi- went public very rapidly?

Sanofi was created under the auspice of De Gaulle, with a nationalistic goal. It's an aggregate of companies, many of which were already listed. Developing Sanofi required a lot of money which is why they have this strong, stock market culture that has been very successful for them.

You are not an admirer of politicians and often look at their declaration in a circumspect manner. Nevertheless, the French government has announced a series of measure to jump start innovation in France. How do you assess these measures?

Regardless of my political opinions, I think the current president is providential, because he is gifted, cautious and skilful which stands in contrast to many others. He is also surrounded by outstanding and very skilful people in the government such as Ms Lagarde, Ms Pecresse, and Ms Idrac.

Having said that, you need to understand that the great mobilizing strength in France is not governments, not left or right parties, it's jealousy!

There are very few independent pharmaceutical companies in the USA, where the economic model is based on a very strong collaboration between private and public research and nearly immediate access to financial markets. Is the American model of development superior in your view?

Americans have an extraordinary quality: they want to succeed fast! This is why they raise funds quickly and obtain a market value. However, sometimes this strategy does not match with the nature of our business. The U.S. also has very heavy administrations that can slow down the processes of development and innovation.

We have chosen a different path. Our group is not a family group but rather an independent group, organized in a foundation (a trust) which is not under the direction of myself. While I admire family groups, they often end up in endless fights between brothers, cousins, etc, and become impossible to manage.

We also decided not to become a Société anonyme (SA) because shareholders often require fast results which are not something that we can guarantee. With the foundation structure we have great freedom allowing us to reinvest a great chunk of our resources into R&D. This is how we can currently dedicate 25% of our sales, a number unseen in the industry, for R&D.

Traditionally independent groups are associated with conservative, traditional types of management. However, this is not at all the case with Servier which took the risk of going

abroad very early on and invests huge amount into research. How do you explain this discrepancy?

It's just like a plane, if you don't go fast enough and you lack momentum you just crash! This is the reason why we decided very early that we needed to be present in China, Russia and Latin America.

If you take the example of Russia, we worked with the USSR, during which time we realized that most companies there did not even have an accounting system in place, and that they would not survive. Therefore as soon as we saw the opportunity present itself we moved into the market which is how we became one of the strongest international laboratories there.
As far as China is concerned our presence dates before Mao's arrival!

Talking about China, don't you sometimes think that the potential might be overrated? Foreign labs are investing massively there without contemplating the fact that their market share is still extremely small and that they might simply never really breakthrough in the market.

People in the West often fear Chinese people; but they are extremely serious and honest. Why are Chinese traders and businessmen so successful in Saigon, Bangkok, Paris or Toronto? Because they are serious and hardworking with strong family values and have managed to save money.

The future of the industry might lie in China, but it also seems that it will come from biotechnologies. How is Servier integrating this new trend?

The company is not organized by technologies, but rather by therapeutic areas, and biotechnologies have long been a part of our research process.

It's obviously important to develop technologies, but one should not abandon the focus on disease which is why we concentrate on the most serious and common diseases in the fields of cardiology, cancer, rheumatism, metabolism, diabetes and neuroscience. We feel that diseases in these areas affect numbers of patients and that we can bring our contribution.

It's important to be a useful industry that contributes to human development. We prefer to make money and be a constructive industry rather than a phony one. In the words of Dostoievsky, « Money is an essential tool », this is why we spend a lot on R&D and pay our staff generously. Servier's goals are threefold, to help those who place their trust in us including doctors and patients while contributing to progress through research. Additionally, and importantly, we need to ensure the satisfaction of those who work for us!

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