Interview: Jean Yves Gal – General Manager, Servier Morocco



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The general manager of Servier Morocco reviews the situation of the market following the recent price cuts, how the local environment is changing with the rise of generics, and reveals his vision of creating a regional hub for Servier in Morocco.

Today, Servier is number one in the Moroccan market for hypertension. What is your main product portfolio in the country today and where do you see the potential for growth?

We are indeed number one in the market for hypertension and are in the top three to four for diabetes. We are also number one for venous disease and a major player in cardiology. Our two areas of development for the next three to five years will remain hypertension and diabetes.

After the price decrease, our turnover this year, taking into account only our Moroccan operations and excluding exports, is around EUR 16 million (USD 17.3 million). In the country we have 130

employees and two major entities, one focused on production and the other dedicated to scientific activities and support. Our factory is ten years old and is a wholly-owned legal entity. In the past we used to operate under the umbrella of Maphar, then we became independent, but still used them as our manufacturing hub, until we developed our own production plant.

We actively promote a portfolio of ten products and we hope to launch around three innovations in the next four to five years. I stress on the word hope, as we are subject to new price regulations and as of now, I do not know what the prices will be in the next three to five years. Consequently, I am not certain that we will be financially able to launch these products. It depends on what prices the benchmark countries will obtain. When we launch a new product, we have to align its price with the cheapest one in the benchmark countries. As a result, the future remains uncertain.

What do you expect to be the major trends in the Moroccan pharma industry over the next few years?

Competition in the generics field is going to be extremely high in this country. Within the next months, we expect to see new regulations, which will give access to more new generics. We are still in a multinational-dominated market, but the playing field is shifting as local players are growing faster than multinationals. The market for multinationals contracted by three percentage points last year.

You had previously been working with Servier in India. How did your time there prepare you for your experience in Morocco?

I was not sent to Morocco because of my Indian experience, but it has proved particularly useful. In India we proactively decreased our prices several years ago, much like we do here in Morocco. The experience of our entire team at Servier Morocco was however instrumental to manage the unexpected magnitude of such price cuts. Despite our preparation, the necessary adjustments in strategies and organization will require time to produce their effects.

You are one of the few multinationals to have a production plant in the country. Why did you decide to make such an investment?

This significant investment was due in part to regulatory constraints, as well the decision to create a plant that would cater to the needs of some of our operations in the region. It also allows us to supply smaller batches than our larger factories in Europe. In the meantime our generics operations in France, Biogaran, needed more manufacturing capacity, so our plant here stepped in. Today, 45 percent of what we produce at our plant goes to the Moroccan market; the rest is split

equally between Biogaran and our Regional operations, catering to the needs of around 15 countries.

Servier invests heavily in R&D, with investments accounting for 27 percent of the company's global turnover last year. What is your strategy in terms of R&D in a country like Morocco?

In countries such as Morocco, we invest almost exclusively in clinical research. Until a few years ago, the laws here were quite restrictive concerning clinical research and consequently we have not invested much in this area, although we are now looking to change this. Morocco is one candidate within the Servier world for this kind of research and I am hopeful that we can develop this here.

When we met with Guillaume Seillier, managing director of Servier Algeria, he told us how the country had an enormous pool of talented graduates in the pharmaceutical field, which acted as a real source of market strength. Do you see a similar situation in Morocco? Can the country become a *pôle d'excellence* for the region?

People here are well trained and at Servier, all our employees have a good amount of expertise. We have invested in Morocco over the years in training, and our employees come from good professional backgrounds, many having worked Europe, particularly in France. Servier Morocco aims also at acting as a regional hub, not only for manufacturing, but also in areas like training. Industrially, we manufacture for other African countries, so we can consider ourselves to be a hub in the wider sense, but we like to emphasize our role as a hub for expertise, exporting not only our products but also our talent.

What is your five-year vision for Servier Morocco?

My objective is to return to the top ten in the market, whether by turnover or at least in terms of units. Within the next five years I would like to reinforce our position in hypertension and diabetes as well as venous disease, guaranteeing a sustainable growth rate. We also have in our pipeline, products in oncology and neurology, which we believe may bring in benefits to the patients and medical community in the country.

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