Interview: Alban Nérot – Managing Director, Servier Indonesia



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Alban Nérot, managing director at Servier Indonesia, explains the transformational change of the Indonesian affiliate to ensure the sustainable growth of its business in the country as well as the importance of medical education to show to doctors and other healthcare professionals the benefits of innovative medicine.

Mr. Nérot, you were appointed managing director of Servier Indonesia back in March 2015. What was your assigned mission when you were appointed and what have been your biggest accomplishments during these two years?

When I joined the team in Indonesia the affiliate was facing difficulties in performing at the expected level considering that given the existing opportunities in the country; our business should at least be experiencing double-digit growth. Consequently, we decided to do a diagnosis of the situation to identify which factors were limiting our growth and, subsequently, implement a transformational model. Being able to adapt our operations according to latest industry trends has been one of the main factors behind our success in the country during the last two years of transformation in our Indonesian business.

In this sense, we successfully deployed a model based on a new promotional strategy, with a strong focus on internal human capital development. We decided to change the commercial approach from purely sales-driven to medical education; convincing healthcare professionals of our

offering’s benefits.

This process has been the biggest challenge as well as the main accomplishment of our team during the last two years; we are on the right track and we have grown our business by 16 percent since last October. My mission is to continue implementing this transformational model that has strengthened our fundamentals to drive our future success in Indonesia.

How have the operations of the Indonesian affiliate evolved since you took over as MD and what is the current positioning of Servier in Indonesia?

As mentioned previously, our business model has drastically changed, which has obviously impacted our overall activities in Indonesia. Even though Servier has an innovative and a generics business, our offering here is composed of innovative and patented medicine. Servier is one of the top 18 pharma MNCs operating in Indonesia and our affiliate’s 182 professionals ensure the quality of Servier’s operations in the country.

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What is your action plan to ensure the strong performance of the affiliate moving forward?

We enjoy the knowhow of an MNC but with the flexibility of a local company since our structure in Indonesia is not that big. However, since we do not have an enormous headcount, we need to have a highly talented team to ensure the productivity of all our activities.

Our strategy since I was appointed as managing director in 2015 is to strengthen our team and product portfolio, which are the fundamentals of the affiliate, to support our future success. I am still in the process defining the best Key Performance Indicators (KPIs) that will monitor our performance in such underpinnings.

In this sense, we are building up competencies across the different departments that make up our organization in order to achieve excellence in our activities and put our team at the center of the development process. This is going to be combined with a product offering expansion of new profitable and effective drugs launches that will come from our corporate innovation as well as local in-licensing agreements; we carefully select our offering in the country to optimize our current resources, meaning these opportunities should create synergies with our current portfolio.

There is an epidemiologic transition in Indonesia with a stronger government focus on treating chronic diseases such as oncology and diabetes. In which therapeutic areas is

the Indonesian affiliate most involved and which one will drive growth, considering this new government focus?

We are strong in two areas in Indonesia: venous disease and diabetes. Indeed, these two areas contribute 60 percent of our revenues and we have experienced strong growth from them in the last year. Nevertheless, I want to reduce our high dependence in such areas, developing our cardiovascular portfolio in Indonesia in key areas such as angina and hypertension diseases. We are currently defining the best strategies to expand our business in such areas and we have already allocated more sales force resources in our cardiovascular division.

What is your footprint in the public and private market?

Our business is mostly focused on the private market, which represents 90 percent of our turnover. Our strategy in the mid-term is to continue developing our private market through medical education programs in order to ensure that doctors and other healthcare professionals understand the patients benefits from our offering; it obviously needs to be encompassed by an affordable and fair pricing strategy. We have aligned our sales force with this medical education commercial approach; I strongly believe that this new sales strategy will pay off financially in the end and will enlarge patients' access to our highly innovative and effective solutions.

Indonesia is one of the largest and most promising markets within the region. In fact, the Indonesian Universal Healthcare Program (Jaminan Kesehatan Nasional – JKN) is going to be one of the main growth drivers of the Indonesian pharmaceutical industry. As MD, what is the role of Servier within this scheme and what are the main challenges that you are addressing in this regard?

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As aforesaid, our strategy is going to be focused on developing our private market since we are still not prepared to fully enter within JKN which is still not fully defined. However, we are glad to already be providing JKN patients with two high-quality products to target diabetes and, more recently, cardiovascular diseases; our plan is to these programs understanding their strengths and weaknesses.

Expanding on the challenges of JKN, it means huge volume at lower prices and our innovative offering has high Costs Of Goods (COG). In addition, JKN poses a threat to MNCs with innovative medicines since, once the drug gets off-patent, JKN will prioritize the generic manufactured by a local company and, consequently, the demand for the drug will be reduced to zero with the

subsequent impact on P&L. Furthermore, JKN is already in deficit and its financial stability is still uncertain and unpredictable. Therefore, an impact on people may occur and as an independent company, this is absolutely not the Servier way of working.

From our strategy standpoint, we look at JKN as an opportunity in the mid- or long-term. We do not want to be highly dependent on JKN until it becomes clearer both in terms of transparency and visibility on pricing rules, and in its timeline. Guarantees and delays of payment are also to be considered.

We have perceived that human capital is a common concern within the local and multinational business community in Indonesia. How is Servier ensuring that it is attracting, retaining and developing the best talent?

This is one of our main strategic axes in both global and local strategy. Indeed, caring about people is one of the values of our president and is clearly translated into our Human Resources (HR) policies in the Indonesian affiliate.

Nonetheless, upscaling human capital in Indonesia is a challenge and, in my opinion, MNCs should not only bring innovation but also the knowhow to develop people. We are fully aware of that and are heavily investing in developing our HR and Training departments in order to enhance the human capital across the entire affiliate through new recruitment and training strategies; it is a huge program that affects the career development of our team in the long run.

As managing director, it is important to always remember that our employees are the ones that ensure the quality of our operations and we need to keep investing in them; we grow our business by growing our people.

When we had the pleasure to meet with Olivier Laureau, President of Servier Group, he said that Servier’s economic model is based on considerable investments in innovation and, indeed, the company invests approximately 24 percent of its total revenues in developing R&D activities. What is the contribution of the Indonesian affiliate to the global innovation of Servier?

Globally, we have a launch approximately every two years. Expanding on the Indonesian affiliate, one of my responsibilities is to properly deploy the vision of the president in the affiliate and innovation falls within this. Our objective is to contribute to the accomplishment of the president’s vision through bringing more profits to corporate that will be afterwards invested in more R&D.

Talking about how much of this innovation is going to be translated in our offering in the country, it is well known that the current R&D focus of Servier is on oncology investing 50 percent of its total R&D budget in such therapeutic area. Therefore, we expect to be launching oncology medicines in Indonesia in the mid run.

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What is the main objective that you would like to achieve in the upcoming few years?

Indonesia is one of the largest markets in the region, contributes one third of ASEAN’s GDP, and is growing fast. Looking at the macro data, Indonesia has the fourth largest population in the world, which is growing by about about five million every year, a sustainable five percent GDP growth, and the pharmaceutical market is expected to double in size by 2020. We cannot ignore such potential and one of my main objectives is to ensure that it is reflected within our corporate ambitions and results. In the next few years, we want to position Servier among the top 10 MNCs in Indonesia, build up our brand in the country, and become a key player in Servier APAC.

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