Interview with Jose Alberto Pena, VP & General Manager Pharmaceuticals, GlaxoSmithKline Mexico

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You worked several years ago in Mexico, and there have been significant changes in the country since then. From your perspective, how did the Mexican pharmaceutical landscape shift over the past few years, and how did that impact GSK's strategy in the country?

Indeed, there have been some important changes in the market in both private and public sectors.

In the private market there has been a shift towards generic products. The impact of generics can be positive, the main benefit being more access to these products for a lot of people, notably because of the lower pricing. The second change is in pharmacy channels. Nowadays we see doctors at the point of sale, which changed the whole dynamics of the pharmaceutical industry. The presence of doctors in pharmacies is becoming more significant and the number of visits to these doctors has dramatically increased, making it a new channel that we need to consider as a group as big as IMSS in terms of visits. As a result, we need to adapt our go-to-market strategy.

GSK today is the 6th pharmaceutical company in Mexico with a 4% market share, structured in 4 divisions: the pharmaceutical division, the consumer division, and 2 manufacturing divisions. Within the pharmaceutical department that is under my responsibility, we have 4 business units: the first one focused on innovative brands, the second one on classic brands and generics, one on vaccines and the last one on dermatology. Over the last few years, we have diversified our offer over the years to follow the market trends, because we believe that being focused on a single area could work against us.

On the public sector, there has been some important challenges as well: if we look at the past few years, the amount of new products which have been included in the public sector has been significantly reduced. As a result, access to new pharmaceutical products has been limited. One of the challenges is to plan a strategy to work closer with the government institutions. Our goal would be to find win-win situations for innovative commercialization approaches with shared risks and common benefits, in order to satisfy the existing market. There is no doubt that innovation continues to be a prime driver of GSK's business, taking in account that we are launching 3 to 5 products per year, and we will continue going forward. Our pipeline is very interesting but it is becoming more specialized, making it more crucial to work with government institutions.

How would you describe the impact of Seguro Popular on GSK's business?

Seguro Popular is quite interesting. It has very much evolved in the last 8 years, but it is just a name given to a concept that has always existed here: people had access to healthcare before Seguro Popular. It has just been named slightly differently and now there is a registration process involved that makes it go forward. Of course Seguro Popular is necessary, because there is a true need of universal healthcare and people need to be given access to the basics. There is also a side of Seguro Popular dedicated to catastrophic diseases that are of high interest to us, for instance regarding some types of cancer. Many vaccines are also fully funded such as the HPV vaccine. There is no doubt that there has been a great focus and a huge amount of resources put behind Seguro Popular, and we hope it will continue to go forward and reach even more people to provide universal coverage to the country.

The new cabinet will be sworn in recently. How is GSK planning to work with the new government?

GSK does not go with any political party so we are completely supportive of any government. Our intention is obviously to work closely with them in order to find solutions for the requirements for the different disease areas, the epidemiology, and the medical needs of Mexico as a whole. We have several priorities that are 3 areas of focus: trying to get innovation into Mexico, increasing access to drugs and improving preventive healthcare around vaccines. Other than a focus on products, we also have to think about how we can work with the government on expanding our footprint, especially on education, by providing up-to-date information on the latest treatments available.

You have recently been talking about value based pricing for the healthcare industry in Mexico. Can you elaborate to our readers about your opinion on this issue and what is your proposal for the Mexican healthcare system?

We need to get closer to our consumers, we need to understand their needs as well as their limitations. One of the limitation we see in IMSS is that they get a lot of financial pressure. As a result, we need to adapt our style and our way of going to market by accepting that things have

changed. It is more important to understand their needs and share responsibility through a real win-win situation rather than just selling products to users. I believe that we need to look at alternative models and we need to open up to different options.

On a different topic, Mexico has excellent IP protection – so why don't GSK have an R&D center here, and overall why is there so little research being conducted in the country by all the multinational companies ?

There is no doubt that there should be a lot more happening. However, if we look at the amount of activities GSK has here, we have projects ongoing around all our innovative products on the pharma side, and we have high investment on the vaccine side. We conduct clinical trials, epidemiological trials, and pharmaco-economic data generation . This year we are spending 107 million pesos in R&D in the country, and we have many projects going forward thanks to our pipeline. I can give you an example of how dynamic this market can be. In December 2004, the first country in the world to get a rotavirus vaccine approved in the world was Mexico. How was that achieved? Mexico suffered a very high number of deaths due to rotavirus diarrhea per year, so it was highlighted as a healthcare issue in Mexico. We worked together with both regulatory agencies and institutions for clinical trials: out of 60,000 children that were enrolled in the phase III trial globally, nearly 25% were in Mexico. As a result of the collaboration achieved with all government entities, the first country in the world to approve this vaccine was Mexico, and in 2007 we managed to get the vaccine under the national vaccination campaign.

Therefore things need to be put in perspective, because the infrastructure exists, the investigators are present, and the opportunity is here. Everyone in the pharmaceutical industry hopes that there will be proactive change to stimulate again the R&D side in Mexico.

When we net with Rafael Gual, he was telling us that his personal goal in the next 5 years was to turn pharmaceutical into the biggest manufacturing sector in Mexico. First of all, do you think it is possible, and how will GSK contribute to that goal?

It is important to have a vision to be able to achieve things in the future. GSK has 4 manufacturing sites in Mexico, and there are very few companies that can compete with that in the pharmaceutical industry. We have one in Mexico City, 2 in Morelos, and one in Queretaro. For us, local manufacturing is definitely something that is important, for the local market as well as for exports. We have our footprint here, but now our objective should be to maximize the installed capacity and see how we can make the best out of it.

Do you think Mexico has the qualities to become the biggest manufacturing hub in the region?

I think Mexico has the basics, and the right support. There are a lot of positive aspects here, especially if we look at the macroeconomic environment in Mexico, with 4% growth in GDP. Also, from a basic perspective, Mexico has the right framework. Is it sufficient to say that it will become the leading manufacturing hub ? Of course there could be more incentives to attract more manufacturing, because there will always be a competition between countries. That is very difficult to say, but it can definitely be more competitive.

According to you, is Mexico an emerging country?

From a macroeconomic perspective, the data positions it as an emerging market, but if look at the way the healthcare industry works here in Mexico, I would not call it an emerging nor a developed market, but definitely a hybrid with elements of both.

You just arrived from Asia to take the reins of GSK Mexico, what are your priorities and how are you finding the Mexican healthcare work environment?

GSK is a great company globally, it has a fantastic image, and we need to put it back on the map in Mexico where it deserves to be. We want to be part of the decision making process in the Mexican healthcare sector: being an influence rather than a reaction.

As a final message, as an industry leader in the pharmaceutical industry, what do you think should be improved in the Mexican healthcare system?

One of the biggest challenges we approach with great interest is access to innovative medicines and making sure that people who need these new treatments can have access to it. We are open to discussion to see how we can make things change in that sense.

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