Interview with Gabriele Grom, Managing Director, Merck Sharp & Dohme Austria

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You have been the head of MSD Austrian operations since April 2009. Can you start by telling our readers about the evolution of the affiliate since the merger with Schering Plough?

I have been with MSD Austria since before the merger, I started in early 2009 when the merger had already been announced, so we knew we had to get everything ready, but we had no deeper business information on the organization we were to merge with. These times were driven by a lot of uncertainty in both organizations; the new management was announced first, and it is necessary to mention that three of the directors: Managing, Finance and HR, were female! Although I think this is an exception for Austria, as the country is not very balanced in that sense yet. After the management announcement, we got the information needed in order to tackle local market challenges.

The first thing we had to do was to run the companies separately, whilst the two legal entities were becoming fully integrated also in a legal sense- which happened in April 2010. Only after that we could go into the selection process for the new company structure and start to fill the boxes in terms of jobs. Step by step we first announced the management team, and then the next layer moving down the structure. We tried to involve as many people as possible in the decisions to make sure we did not miss anything during the process. Every employee also had the opportunity to send in a comprehensive sheet on their background and interests; part of that sheet was to select the job they would like, if it became available. Alongside this, we had a clear profile for every

job in terms of requirements, so we tried to put the best fit together. It was a huge exercise, but fairly and transparently done. In total there were 300 people in the organization, and at the end of the day we had to let about forty people go; with a social plan at hand for those who had to leave.

Not only in terms of field staff, but in terms of portfolio, the company has become much stronger and more diversified since the merger. In previous interviews to local media you said that you wanted the company to evolve strongly in Neurology, Oncology and Dermatology. Which are the most important areas for MSD Austria today?

Locally, cardiovascular is very important for us, with cholesterol management and diabetes; in terms of how important it is to be recognized by all stakeholders in the system, and to realize that it really is an emerging issue. We also have a strong respiratory portfolio, that was completed by a couple of products from Schering-Plough.

We are continuing to work on ophthalmics, as well as several new areas for MSD including women's health which is mainly contraception and fertility- originally coming from Organon, a company merged with Schering Plough which then came to us. This portfolio, especially the contraception portfolio, is one for which you don't go to the Sick Fund for reimbursements. This is an out of pocket portfolio, which makes it a great addition due to it having different dependencies.

The hospital area is complemented by oncology products from both legacies. We also have a few different areas in Dermatology, and have developed products for more severe dermatological conditions through our immunology portfolio. Immunology is a big new area for MSD, including treatments for Rheumatoid Arthritis and Gastroenterology. We have recently had a new therapy coming in to complement our portfolio for the treatment of Hepatitis- this is a very new molecule that we have added on to our previous portfolio: one of the best innovations in the last couple of years for Hepatitis.

As a company it is great to be able to go to a customer and not just offer a single product, but a whole range of products for different patient types.

Can you give us another overview of MSD's positioning in the Austrian market, and its growth potential?

This year we are outperforming the Austrian market, which is growing at around 2%. Our statistics say we are number three, and the same measure done at the time of the merger said we were at number five- so we have moved up two positions since then. We are very much in line with MSD's global performance.

Moving into another topic: Europe is home to some of the best healthcare systems in the world, and recently the financial crisis has forced governments to find meaningful savings in this area, with an ageing population too. Austria is no exception. Can you tell us how you

have adapted the company's commercial strategies to this reality, and to respond to an increasingly price sensitive market?

We changed our Go To Market strategy: a couple of years ago we had as many reps as possible to call on physicians, but these times are gone! We should be much more focused on the payer segment, and we are gradually addressing this within the organization. It's not the quantity anymore, but the quality. The strategy is: focusing on the right addressee – these days our customer definition is broader than ever before.

We also need to ensure market access for innovation; we are really focusing on making sure innovative therapies are hitting the market and are accessible to the patients too.

Austria is a relatively small market: 8.5 million people to cater for. Why is it important to establish a strong presence here? Why is Austria a strategic market for the group's regional operations?

A small market is important for a large company, and we have strong financial objectives in Austria. Smaller markets help to give another angle for pharmaceutical companies as they might be pilot markets, or markets from which business models can be taken and tested elsewhere. The Austrian Telecom market is renowned for this pilot purpose – and we see the same need in the pharmaceutical industry. Smaller markets can also provide you with a lot of learning- you might see something in Austria that you can then transfer to other, larger, markets. A good example of this would be Austria's reimbursements system. It has been one of the most complex over the last few years, so we as an organization had to respond to that, and have learnt a lot in the process. When a similar situation comes up in another market at a later stage, we are ahead of the game!

Is this learning curve what is attracting industry professionals to MSD Austria today? What attracted you personally?

I have been with MSD since 1995 and I am still completely into this strong focus on the patient. The constant R&D and innovation with cutting edge science shows that we are not tired of going out and finding new therapies for patients. On the other hand, we have a responsibility to make sure the patients actually get access to these therapies; otherwise they would not have any use just shut away in a drawer. This is both challenging and rewarding in a local market like Austria. Once you have something on the market and you get positive feedback from the patient, it is fantastic. We have some very emotional stories of patients calling our reps and saying that they have two small children, and they almost died but our product saved their life. This is the kind of reward I am talking about- this helps to keep us ambitious and focused.

For me personally, it is very important that I work in a company where values have a strong presence: from how employees are treated, to how transparent information is shared. We want to

make sure that this is a work environment where people want to work and develop themselves.

What is left for you to achieve at the head of this affiliate?

For me personally, the merger was a huge task to accomplish, and we are now in the stage of getting the organization back to normal life. During the merger phase it was very important for me to ensure there was no negative impact on the business; that people continued to focus on their objectives, and that it was flawless. We needed to make sure that in terms of business, we did not suffer during the merger. Now we are going to the next level- there are still a lot of things that we need to develop including establishing market need, customers' needs, and also to cope with internal initiatives. It is a continuous process.

Personally I like change and I like challenges, so I can't imagine staying in Austria for all my life. But here, I want to make sure that after this merger phase, the machine keeps on running!

Do you have a final message for the readers of Pharmaceutical Executive interested to learn about the Austrian market?

I would say that the Austrian market is a complex environment, but it is still a stable environment. If you ask people in Austria they might not agree, but I have been working in the United States, and in Hungary, alongside taking global roles inside the company, and I know that Austria, in terms of the pharmaceutical market, it is relatively foreseeable and stable environment.

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