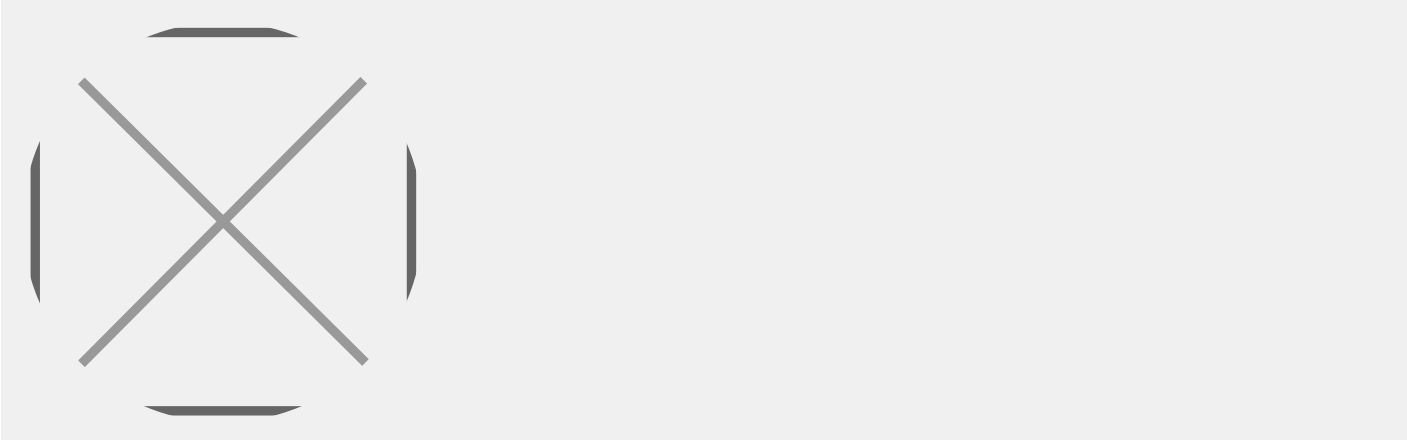
Interview with Miguel Salazar, Country Manager, Boehringer Ingelheim Mexico



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...ehringer Ingelheim Mexico's General Director in 2010, what are some of the most exciting milestones and achievements you have presided over during this time?

I've been in the company for 18 years, and came back from Germany in 2010 to become the company's first Mexican General Manager. The first challenge was recognizing that the organization needed to be realigned with a totally different mind-set. Boehringer Ingelheim as a company started to change in 2008 with the realization that we had a pipeline of products offering huge opportunities in the market, and that would be ready for release at the same period of time: which is a luxury that doesn't happen very often. The five product launches fell between 2011 and 2013 so I needed to align the Mexican organization accordingly, and one of the first things I communicated was that we don't launch products in Boehringer Ingelheim, we save lives, and this applies to every single employee in the company.

The Mexican pharmaceutical environment has evolved a huge amount in the last three years. There was an imminent change in terms of the COFEPRIS, and the beginning of the regulatory changes was one of the most positive changes the Mexican market has seen; things started to work faster.

From the point of view of a research-driven organization, we truly believe that the level of leadership and entrepreneurship from the pharmaceutical industry has improved considerably over the last few years. My competitors are also my counterparts, and although we have products that

are direct competition with each other, the reality is that we behave like colleagues and we are not afraid of speaking to each other. This creates momentum and strength when it comes to building the pharmaceutical industry into a very strong asset for the country.

Could the fact that Boehringer Ingelheim Mexico is 7th in the market compared to 15th globally be attributed to this change in the way of working within the Mexican pharmaceutical industry?

I would attribute it to something that is even more powerful. This is a privately owned company, a company that has a long-term view, we are not pushed by the forces of the market which gives us tremendous stability and strength in our pipeline. On a global level, the amount we invest in our Research and Development is extremely competitive and in some cases even higher than the international standard. We invest more than 20% of annual revenues into this. This tells you that even though we are a privately owned company, we have the mind-set of an entrepreneurial public company. We are country number 10 for Boehringer Ingelheim, and we have a lot of importance that gives us a vote and a voice within the company. We have a fantastic local market share which is higher than worldwide. Worldwide we have a market share of 1.6%, and here in Mexico we have close to 4%, so this gives you an idea about how important operations are here. Our products within the local Mexican market also have a lot of significance, for example one of our cardiovascular products has a market share of 23% in the Boehringer Ingelheim world, and our product for Asthma has an internal market share of 19%- no other market within the company has that. In Mexico, we launch innovation blockbusters which give us a lot of credibility.

Why do you think Boehringer Ingelheim in Mexico is over-performing when compared to other markets such as Brazil?

Boehringer Ingelheim in Brazil is also doing fantastically and maybe next year it will surpass Mexico. But you have to bear in mind that they have 300 million inhabitants, and the growth of the Brazilian economy is much higher than in Mexico. We used to divide the company markets into geographical splits, but now we divide them into emerging, and developed markets. The Mexican market is much closer to the emerging side than the developed, yet the growth it displays is more similar to a mature market: in terms of value it is flat, and in terms of volume it is increasing around 2% annually.

Norbert Oppitz from Nycomed also told us that Mexico is no longer an emerging market if we look at the combination of growth, the democratic structure, and social security…

We depend so strongly on and are so closely interlinked with the United States economy, that we take a lot of benefit from them, especially since the North American Free Trade Agreement. The reality is that Mexico is a country that grew a lot in the past in the private market, but never above 10%. Now I truly believe there is a vision from the government to provide universal healthcare and

make sure it is here to stay; it will be the most important strategies for any government in Mexico moving forward in the next few years.

What strategies does Boehringer Ingelheim have to work with the government?

We do sell a lot to the government, and although at the moment we do not sell a huge amount to Seguro Popular, it is one of our fastest growing segments and rapidly becoming more important than our share in either IMSS or ISSSTE. The government has granted a faster access process for innovative drugs and although the pricing is very low, we get it back in volume so it's a win-win situation for everyone involved. Seguro Popular is a great initiative: Mexico deserves a stronger and high quality public health system and the need for a new model has been met.

There have been huge changes in the COFEPRIS and things are really moving fast on the government side. We heard that one of the biggest changes in the industry over the last few years was that the industry was being listened to. Do you agree with this?

Absolutely, although Mikel Arriola's situation is a very tough one and he has only been there for a short time, in the last few months he has done more for the industry than in the last ten years. He has the endorsement of the pharmaceutical industry, we feel listened to, and we feel we can trust him. Mexico lacks international marketing, and we usually only get bad foreign press- you don't hear about the fantastic things that are happening here, but people are actually starting to consider the benefit of the patients on both the government and industry side. There are opportunities for everyone; the generic and innovative industries are not fighting because we know when the time is for each one of us. The innovation we plan today will be the opener for the generics in ten or fifteen years' time. If there is no innovation there will not be any generics or broader access or better patient treatments.

What new areas and strategies are planned for Boehringer Ingelheim Mexico in order to increase Mexican market share, both privately and institutionally?

We have always been strong in respiratory and anti-inflammatory treatments, and we have just entered cardiology, diabetes, anti-coagulation, virology, and cancer. In June we will know if our oncological clinical trials worked, and soon we will have best-in-class products coming out. For diabetes, anti-coagulation and cardiology we already have best in class products, and we have also just decided to explore immune diseases for conditions that could be vaccinated against such as malaria, but this is a long way down the pipeline. On top of all this, we are also going to expand our reach into the medical devices market.

Mexico is still a country with a young population and an average age of 24-25 years, so treatments for young people remain extremely important. A tremendous problem with obesity has arisen which also drives the cardiovascular and diabetes market and we have just created a long-term alliance

with Eli Lilly for at least four or five diabetes products; one of which is the 2nd most prescribed product for the condition in Mexico.

Boehringer Ingelheim globally has invested a substantial amount in research and clinical trials, but what do you see are Mexico's qualities to being a clinical trial hub over other Latin American countries?

It's a greenfield; there is not one single clinical trial in the company in which Mexico is not participating. Right now we have more than 37 trials running for both current and future products, and it has allowed us to gain rapid approvals for products due to the preference given to clinical trials performed in Mexico with Mexican researchers and Mexican patients. COFEPRIS is willing to give fast-track approval when they see Mexico getting involved.

In the company, our medical department is divided in two: medical affairs and clinical operations, and in Mexico we have a group of Mexicans leading teams in South America, which means we have centers of expertise here in Mexico leading research in, for example cardiovascular, for the rest of Latin America.

What about the talent pool here in Mexico? We've heard that it's very good, but just too small.

Yes, it's small and also very young, but it is getting better. The most important thing to remember is that our new global compliance and ethics in the company needs to be taken care of. I don't believe there is an industry on this planet more regulated than the pharmaceutical industry, for a good reason and as a multinational company we adhere not only to the local rules, but also to the much broader, tougher, global rules. It is a challenge to find people that think in the right way, with new behaviour, ethics and moral attitudes-it is something that takes time to acquire.

There is a lot of contract manufacturing coming out of Brazil for Boehringer Ingelheim, but what is the situation in Mexico?

The industry in general has been shrinking its manufacturing capabilities due to a lot of mergers, v acquisitions and technology improvements. The pharmaceutical real estate market is getting crowded because everyone is selling their plants. In 1995, Boehringer Ingelheim wrote their manufacturing strategy and decided that Mexico was to be a center of excellence in terms of manufacturing, and the company invested more than $70 million USD in a new plant which would be one of the manufacturing hubs for the rest of the world. Since 1995 we have been the only company approved by the FDA to export prescription medicines for human health to the United States, and we have manufactured and exported from here to the United States since then. Around 60% of our products are exported globally and 40% is local, and even part of the local production goes to third party manufacturing. We are focused on high quality and high delivery, and the

executives who have worked in Boehringer Ingelheim for the last 20 years have created such a great reputation for Mexico in this sense, which actually allowed is to invest more.

Having an FDA plant puts us in a very advantageous position; we have great cost benefit which enables us to compete against India, China, the United States and Europe. We have specialised in producing oral solids, shipped out part of the liquid production to other countries, and gained a lot more volume from what we do best.

Rafael Gual told us that his personal goal in the next 5 years was to turn pharmaceuticals into the biggest manufacturing sector in Mexico. It currently holds 7% of the manufacturing GDP. Do you think it's possible?

I definitely believe it can be done, but we should all realise that incentives are required, which is something we have not seen so far with the government. Mikel Arriola and various ministers of economy have all visited our plant, and they can see that we are a company that has been in the country since 1956, we provide stability, and the Boehringer family have trusted in Mexico. But I truly believe that the government should cherry pick those companies committed to Mexico and make them work for the benefit of the country.

We also asked Rafael Gual which companies in his opinion represented the best corporate culture- and he told us Boehringer Ingelheim. What makes you stand out from other companies in this respect?

Boehringer Ingelheim has a clear family tradition, and in 1994 it set out a document which set out exactly who we are: the footprint of the company. What it says is that we are a privately owned company and we intend to remain like that; we are here because we give value through innovation, and since then this has been our motto. We talk about 'we'- there is no me without 'we' and vice versa; we make people work together and believe that leadership is simply about groups of people working together, and we try our hardest to empower them. Many years ago we decided that part of our success was the distinctive character of this company, and everyone asked us why! Indeed the character of the company is made up of four different elements: trust; empathy; respect; and passion. When you speak to people working here, you will see that they have these four elements in common. We have 1,800 employees in Mexico, and every day we try to remind them who they are and why they are here: we are here to save the lives of millions of patients. Boehringer Ingelheim employees are extraordinary people, and by changing our individual square meter of space, we can change the world itself.

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