Interview: Guillermo Browne – Director General, MSD Peru



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Guillermo Browne, Managing Director of MSD Peru, talks about the turnover of the affiliate and the company's success in bringing new innovation to the country, particularly in the areas of vaccines and oncology.

You arrived in Peru in January 2014. What initial tasks did you set for yourself?

When I arrived, MSD Peru was struggling in a few areas. The subsidiary had had several vacancies open for months, including managing director and a number of internal issues had to be addressed. Therefore my initial challenge was to essentially restart the affiliate through some major adaptations. MSD Peru had been suffering in terms of market share, although we have since significantly increased our institutional sales. I devoted my work specifically to fix in-house issues, and now I am starting to devote more time to the macro environment and policymaking.

In terms of the market, 2014 started rather slowly; the market was experiencing a cleansing. Wholesalers and pharmacy chains found themselves with high inventories, and they needed to find some logistical efficiency in their own distribution systems. Therefore MSD Peru experienced an adjustment last year in our own slowdown during the first half of last year. 2014 was a difficult year; the market decreased around two percent in volume and six percent in its value in US dollars. In that kind of environment I had to make some immediate structural changes. Last year was ultimately successful but more because of institutional sales rather than retail. We sold our vaccine

for cervical cancer and genital warts to the Ministry of Health, who decided to use our tetravalent vaccine in their campaigns to prevent cervical cancer among girls in their fifth grade of school. We also work in other initiatives of the government supplying contraceptive implants that are used for important birth control initiatives. Along with some recovery in our sales to institutions and also a faster generation of demand in the retail segment, things ended up being much better for us last year.

Sales for MSD worldwide were not as high in 2014 as investors had hoped for; yet the company had more approvals for new products than any other company last year. How does that translate to Peru?

The regulatory arena in Peru is improving; we had many products renewed and registered new ones like Zenhale for asthma and our vaccine for herpes zoster Zostavax. DIGEMID, Peru's regulatory agency, is dealing with a very significant amount of submissions and files, we need to work hand in hand with them, providing suitable files with all the requested documentation. In MSD, we have a very robust team working on this, and we are making good progress.

What is the perception of innovative medicine among Peruvians?

This is a sensitive point; and sometimes the population might be misinformed. As we speak, there is an initiative for a mandatory license, and this is not good. Innovation has to be protected and patents must be respected. Peru is an open economy and has signed several free trade agreements with major markets worldwide; it is not good to have an initiative like compulsory licensing in a pro-business and pro-investment environment. Innovation brings better quality of life. Access to new medicines and technologies can lighten the burden of disease in areas like oncology and HIV, for instance. That is great for all Peruvians and the general public should be aware of the efforts and benefits that companies investing in innovation bring. As in most Latin American companies, there are many branded generics. As any innovative company, we are not against generics; we just compete with them like in anywhere else. But we need regulations that ask companies to register their products and comply with quality requirements being asked, always ensuring safety and efficacy.

How active is MSD in clinical research here?

This affiliate is investing more in clinical research; our plans are to increase our budget threefold during 2015. Nowadays we have 20 clinical studies involving 66 investigation sites, in therapies like diabetes, oncology, vaccines and infectious diseases. MSD has a strong legacy at carrying out clinical trials in Peru, and our plans are in line with continuing this legacy.

Total MSD Peru sales grew nine percent last year. How do you compare this with your projections for the future?

Considering that we sold some products to Aspen and our consumer business to Bayer, and taking those sales out of our baseline, our growth was indeed 16 percent. For 2015 I expect sales to grow at least by two digits, and double digit growth is my expectation for the next four years.

Our sales mix is changing; currently, 60 percent of sales are retail (private sector), 40 percent are in the hospital channel (public sector). This will change based on our pipeline and the therapies in which MSD is placing more effort. Most of our investments in clinical trials will be for diabetes, acute care, oncology and vaccines. Those will be the pillars for future growth in Peru

What will be the importance of this affiliate in the coming years in relation to Latin America?

I trust that it will become more important. Peru has grown faster than other countries recently. Latin America always has cycles, and all countries here rarely grow at the same pace. Of the $2.5 billion sold in Latin America, Peru represents only $50 million. We are still very small but our goal is to get close to $100 million before the end of the decade.

Where is MSD Peru currently ranked in the market?

We are ninth. The objective is to continue being a top ten company and top three among multinationals. It’s fair to say that only part of the business is reflected in market audits, this is a fact for all companies.

How will you measure success?

I need to be successful with vaccines, oncology and diabetes (where we are doing well). Success not only means we need to sell more, we must also work harder on disease awareness and improving access to medicines. I need to take more advantage of the portfolio we have for vaccines, of which we are launching four this year. It will definitely be a great year for MSD’s vaccines. Oncology is new for MSD; we have a lot to learn in this area, and in a few years I will consider our provision of access to oncology treatments a major success.

What can you bring the best of your experiences to the future of MSD?

I have lots of experience working in execution and I am all about achieving objectives in the long-term. I must ensure that every MSD Peru employee is focused on that completely, taking charge of the benefits any of us can provide to our subsidiary through accountability and bringing ideas to

improve our daily activities. I need every employee to be focused on growing the business here. Having international experience helps, and every country has its peculiarities, but it is possible to succeed just about anywhere. You must have a talented and motivated team and not fear investing in products that provide faster growth. I have a vision to be one of the two top multinationals in Peru in 2015. This can only be achieved through talent, discipline and execution.

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