Interview: John Markels – Managing Director, MSD Mexico



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The managing director of MSD in Mexico explains why the Mexican pharmaceutical market is an attractive market in which to compete, but not one that will deliver 12 to 15 percent growth year on year, why 2014 has been a tough year for the sector and how MSD is focusing on delivering new innovative products for the benefit of patients.

You have been managing director of the Mexican affiliate for the past one and a half years. What mission were you entrusted with by the headquarters?

MSD´s mission is the same all around the world, to bring our innovative products to patients who need them and to improve the quality of their lives. It is a privilege for me to be able to do this because MSD has a long history of developing and commercializing remarkable products, which, over time, have developed into a portfolio that is unmatched in Mexico. The first category we currently have in Mexico is in Cardiometabolic products, which are anti-cholesterol, hypertension and diabetes. The second category is women's health: fertility, contraception and osteoporosis. Another very important area for us is Vaccines where we have childhood, adolescent and adult vaccines, including a new product to prevent Herpes Zoster. We have a broad Hospital & Specialty portfolio that treats infectious diseases such as HIV, Hepatitis C, fungal infections and Oncology. Furthermore, we have important products in the market for pain inhibition as well as respiratory related treatments for asthma and allergies.

On one hand, Mexico can be seen as an emerging market; yet on the other hand, the results would suggest that Mexico is a developed market. How do you see Mexico currently?

What is true for Mexico is true for emerging markets in general. The aspirational EM double digit growth year on year for the next five years is just not going to happen. And Mexico is an example of that. Mexico is not a fast growing market; it has low single digit growth in the pharma market. This is a combination of slightly higher single digit growth for generic products and slightly lower single digit growth for branded products. But there is reason for optimism. The health spending vs GDP is relatively low, there is a tremendous amount of untapped potential in the market, and if certain structural aspects are addressed over the next several years, then we could see real change. Mexico is not a fully developed market yet but it is an attractive market because it is very stable, with plenty of potential. Generally speaking, it is a good place to do business with a strong patent protection and regulatory system. Our goal at MSD is to do much better than the average growth for emerging markets.

2014 has been a challenging year for the pharmaceutical industry in Mexico. How has MSD Mexico been performing, and what changes have you implemented to navigate this new landscape?

2014 was a tough year for the industry overall. The restructuring of the distribution channel has been painful, and I'm not sure it is over yet. Having said this, I am very lucky to have MSD behind me. We have a great team and an amazing portfolio. We have no excuses. Last year was a transition year, where we made many changes to adapt our commercial model and ensure a more focused organization, and going forward our performance will be strong.

I am in the pharmaceutical business, but in reality, as a leader I am in the people business. A big part of what we have tried to do is make sure our people are engaged and that they feel supported and part of the company. One of the things we did was to establish some principles, namely that our people always come first. If you do not have the right team, you will not be able to win. To get the right team you need to develop them and support them so they can be successful.

More importantly, our business is ultimately done in the doctor's office, not in this building. Our sales force is interacting with doctors and that determines whether we are successful or not. We decided that people are first and the salesforce is at the top of the MSD pyramid, which means we work for them and not the other way around. If the salesforce is not outstanding, professional and engaged, we will not succeed.

Access is the name of the game, a common challenge that all R&D driven companies face in Mexico. How are you working with the authorities to ensure that all patients have access to R&D and innovation?

First of all, we have to work person by person, institution by institution, and product by product. There are several stakeholders in this game. First, there are the medical leaders in the government. In general, they understand what needs to be done in terms of making the best product available for people when they need it. However, they have others who control the funds. In the end, the biggest constraint is always the funds. This is the hard part for the government administrators. The challenge is really trying to empower the system to make the right decisions. Having said this, we have been reasonably successful. We have a good business in the public sector, we offer great benefits to the government in terms of education, services and outstanding products at competitive prices. And we are starting to identify more and more areas where working together can help.

Prevention, is currently one of the main priorities for government, how would you assess the efforts in this area?

Mexico has a strong vaccination program. However, it could and needs to be stronger. Politically speaking, it is good business to promote the development of vaccines because who is going to argue against making vaccinations a right for all citizens of Mexico, or against creating procurement mechanisms that allow the government to get better prices for the highest quality vaccines? Being that vaccines are the most cost effective healthcare strategy, everyone will save money in the long term – prevention is the key. The most important people in the government understand this. However, getting such issues through the system politically and then making sure the funding is available is the main challenge. There are other areas of prevention that are also crucial. Diabetes, for example, is one of them. MSD and other companies in this industry have great products for diabetes; however, diabetes is also about behaviour and diet, which is really hard to change. So, changing the personal health care culture of a country is a key part of the prevention. Medicine is one part; changing behaviour is the other part.

MSD has been one of the most successful companies in the entire pharmaceutical industry, introducing more medicines than any other company in the last 60 years. Recently however, it has become a bit tougher, with the company now ranked 3rd according to IMS Health. What is MSD's capacity to reinvent itself in this market?

MSD is highly competitive in Mexico. We have made a lot of changes in the past year and a half. I think change is good, particularly in Mexico. There are a lot of things happening externally that we have to adapt to and one of the most important areas for the company going forward is to focus the organization internally on our core products and activities, where we can really make a difference. For example in promoting more with scientificly medically oriented products in our portfolio. We have an outstanding sales force who are highly educated. We need to work with doctors to make sure they understand our products, when to use them and how to prescribe them appropriately. We have had to restructure and become smaller and more focused, but this has been a beneficial process for us. We have a strategy to partner with others to help promote the products in our portfolio.

Another important issue concerns becoming more active at the regional stakeholder level, increasing engagement with patients, patient associations, and pharmacies. How is this being done in Mexico?

It depends on the therapeutic area. We are in the process right now of re-launching our patient assistance and patient adherence program, which is activated at the Point of Sale. We stopped the growth of the program while we re-established the baseline and the control and now we are in the process of re-launching it. The program is not unique, but it is extremely important to assist patients in adhering to their physicians' guidance and staying on therapies.

What is the importance of Mexico as a regional player for MSD, in particular regarding manufacturing?

Manufacturing is definitely a critical part of our strategy in Mexico. We currently have only two manufacturing hubs in all of Latin America: one in Brazil and one in Mexico.

What is your five year vision for MSD in Mexico?

We would like to see MSD becoming the best healthcare company in Mexico. This does not necessarily mean biggest. We want to be a key partner for the government in solving Mexico's health issues, the fastest growing multinational, as well as being the best place to work.

What is so wonderful about MSD is that we have some really exciting products in the pipeline. For us, our strategy is innovation. And if your strategy is innovation, a focus on new products is essential.

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