# Haitham Habashi – General Manager, Merck KSA



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*Haitham Habashi, general manager for Merck Saudi Arabia, outlines his affiliate's approach to the big reforms shaping the country's healthcare system, discusses the new public procurement process, and explains why Vision 2030 means transformative opportunities for Saudis, women, and health. Moreover, he highlights Merck's manufacturing in Saudi Arabia and its work on clinical research and development.*

**You have been in Saudi Arabia for 16 years, for how long have you been in the life sciences industry?**

Actually, the whole 16 years have been in the pharmaceutical & life science industry within Merck, I joined Merck in 2005 as a medical representative, held several jobs in sales, marketing & business development, and starting as a country manager in 2019, when the Saudi affiliate was under the GCC affiliate. After the creation of a new model, we wanted to focus on the country and created a standalone organization for Saudi Arabia inside Merck. I am the general manager, reporting to the regional VP of the MEAR region.

**In general, a restructure such as this provides plenty of opportunities to an affiliate by allowing for a dedicated strategy. What was the reasoning behind that decision and how are you approaching the market?**

Saudi Arabia is the biggest market in the Middle East with a value exceeding USD 8.3 billion and therefore requires special attention & dedication. Saudi Arabia is a must-win market because it is the largest market in the Middle East and the second after Russia in our region. We look at this market not only as a one to sell in but as one in which we can lead the region with all the changes, dynamics and opportunities currently present.

Merck, in general, operates in therapeutic areas in which we can be number one for the sake of the patients, That is our strategy, we do not want to just compete; we want to lead in our focus therapeutic areas. We have leading products in diabetes, cardio, and fertility, neurology and are also very strong in oncology. It is not only about being number one in size, but also about the culture, our reputation, and how can we serve patients.

**If we go beyond the therapeutic areas and speak about the enterprise aspect, what are your key priorities today?**

Our philosophy is that we act as one for patients. Whether you work as a medical representative, on the regulatory side or supply chain, we are here to make sure that patients receive the right medication. As I said, it is not only about competition. That is our vision as an enterprise, making sure that patients receive the rightful medication that will treat them best. It is why we are very selective in the areas we invest. Saudi Arabia has a huge population, the largest in the Gulf with over 33 million people, and also has a young population, which equals big opportunities. It is a place to invest, a place to stay and a place to win. We are looking in cooperation with several governmental, private companies, NGOs, and patient societies in order to help them achieve their vision.

**What are the main characteristics of the healthcare system in Saudi Arabia?**

This market is divided in two parts: private and public. The private market, with polyclinics and private doctors and patients, is driven by private insurance companies. It is also aided by the government’s effort to enforce mandatory healthcare insurance for Residents, a policy that allows everyone to be insured. Moreover, as a Saudi national, you are entitled to visit any public hospital and get your medication for free. That is why Saudi is an attractive market for us as an enterprise. There are other countries where a certain disease is covered partially but in Saudi it is covered 100 percent for the local population, including of course neurology, oncology, and even fertility, which

shows country commitment to nationals and residents for their health and well being.

**Since tenders are an important component, are we talking about just price tendering or does it go beyond that?**

The tendering process is part of the recent changes that have occurred in the market. Historically, each public hospital had its own budget and procurement process, but now all the public procurement of medications is done through the National Company for the Unified Purchase of Medicines, Medical Devices and Supplies (NUPCO).

NUPCO started many years ago and used to be optional but is now mandatory; all public hospitals must only buy through them, making it one of the main customers we deal with. It has a centralized process. They get orders from all public hospitals, independent of which ministry they belong to, including King Faisal Specialist Hospital and Research Centre, the largest in the Middle East.

At the beginning, NUPCO was only a tendering body but it has acquired the medication stores of the Ministry of Health (MoH) and now they also distribute. It is helping the government get better quotes on large quantities and is making it easier for the industry.

The new system makes sure that everyone receives the right medication. They have three different forms of purchase: the main tender which happens every two to three years, the second one called “marketplace”, which is an online tool similar to Amazon for direct purchases, and the third, which is new, is called “my prescription.” I believe that it’s a very good direction and will ease the way of working over time, they, Saudi patients will go to the hospital and receive an electronic prescription to get the medication at any private pharmacy in the new network.

One of NUPCO’s key performance indicators is how many of the tenders relate to products manufactured locally. we are well positioned since we were one of the first companies to fully manufacture a product in Saudi Arabia 11 years ago. Merck did it without pressure from local authorities; it was just the right thing to do.

**Can you elaborate on the decision to manufacture in Saudi Arabia?**

We picked our type two diabetes drug to manufacture because one third of the Saudi population is diabetic. It makes sense to manufacture products that experience high demand in the market; it

could happen with biotech products like vaccines, for example.

Saudi Arabia is undergoing a reform of its healthcare system; however, the journey is continuing. It is part of the Vision 2030 and is making the country extremely dynamic. Companies have to be on top of the changes, which are happening at a fast pace, in order to succeed. The country is going in the right direction.

The government wants to focus on products that benefit the patients and the economy. However, there is common sense in the government's approach; they are not asking for everything to be manufactured locally.

**One of the aspects in which the region is lagging behind is research and development. What has been your approach to clinical trials, for example?**

Our mission is to put Saudi Arabia on the map of global clinical trials. For the first time ever, one of our products undergoing phase III studies is having trials in the country. The usual approach from multinationals has been doing phase IV trials, which are post-marketing. These developments have been possible because the clinical research infrastructure is evolving. The government has been investing in that.

I am the general manager for the healthcare sector, but Merck is a conglomerate, it has three divisions: biopharma, electronics, and life science. We have introduced activity from the life science area in recent years. we have done work with big research centres like King Abdullah University of Science and Technology (KAUST). Our life science teams are building capabilities in that research centre as well as with local Saudi biotech manufacturers.

**Part of the Vision 2030 is a push to hire more Saudi citizens. Can you elaborate on the Saudization strategy and how far along Merck is in it?**

We call it nationalization. Nationalization for us is important, which is why we started doing it early. Our leadership team in the country includes seven people that report to me and three of them are Saudis, including the heads of the scientific office, communications and market access. some positions are not required by law, it was our choice. It is important to have people that understand the country's culture.

Within the full organization, our nationalization percentage in 2019 was about 15 percent and it is now more than 50 percent. The nationalization push from the government concerns medical representatives; the policy required 40 percent of them to be Saudis by the end of 2019, 80 percent by 2020, and by June 2021, all of our medical representatives will be Saudi nationals.

**In a country that is so focused on the energy industry, how does the pharma industry position itself as an attractive field for locals?**

The whole country is evolving in all directions. Visa requirements have been lowered and women are being granted more opportunities. The push to make our industry more attractive began with developments in education. At a certain point, the graduates coming from pharmacy colleges were about 200 per year and most of them went to work in the public sector. There are now more than 26 universities training young professionals. That brought more than 2,500 pharma graduates every year. Merck is privileged because two years ago we signed five memorandums of understanding with universities to create an internship program.

**What are the main accomplishments you want to achieve during your tenure?**

I want to be part of Vision 2030 because it focuses on three things: access to medication, quality, and promotion of preventive healthcare. I believe that our portfolio will allow us not only to be part of the transformation but shape it. We are looking at prevention for hypothyroidism and diabetes. We want the population to be aware of the diseases and the lifestyle that causes them.

Saudi Arabia and the Saudi FDA developed a fast-track approval for medications which is helping us bring innovative therapies faster, but there is room for improvement when you compare it with neighbouring countries.

There are a lot of misconceptions about Saudi Arabia, but after arriving here people understand that it is much more developed than many European countries. Saudi is developing at great speed and will become a hub even for manufacturing and exporting. Moreover, they are changing their social paradigms. With more opportunities, women are showing their commitment to their jobs, they want to prove themselves and the reforms are making a difference.

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