Miguel Fernandez – Managing Director, Merck Spain

Merck's heritage in Spain is a heritage of innovation and the company has chosen to build on that historic presence

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Merck's general manager for Spain, Miguel Fernández Alcalde, speaks about the company's shift towards becoming a global specialty innovator, what it means for their portfolio, and explains the group's broad footprint in Spain, where it maintains three manufacturing sites. In addition, Fernández analyses the Spanish pharma market and what he expects from the upcoming EU funds that promise to "reindustrialise" the industry.

Miguel, you are heading one of Merck's most important affiliates in the world, one with three manufacturing plants. Can you explain what a typical day for you looks like?

The Merck Group has three different business units: Healthcare, Life Science and Electronics. I manage the Healthcare unit and serve as representative for the entire group.

When you handle such a complex organisation as Merck in Spain, you must pull in many different directions. The best way to describe my day-to-day work would be to compare it to an orchestra director, working 24/7 with very diverse teams, coordinating the supply chain, manufacturing, commercial activities, regulatory activity, marketing, and so on. The objective is to pull all of them together to create good music.

I usually start my day early, at around eight, looking at emails, reading internal updates from the organisation to see if I'm missing anything, and then it is call after call, meeting after meeting. It is the quality and intensity of those meetings that make the difference.

This is your second general manager role for the company after a year with the Finland organisation. What are some learnings that you gathered from that experience and are looking to implement in Spain?

The performance of the business is key to making a successful organisation, but what drives the company forward is the culture.

When you go to the Nordic countries, you see that the organisational chart does not matter that much, they respect and follow people based on what they say and do. That lead-by-example approach is the only way to succeed there. In European Latin countries such as Spain, hierarchy matters, and people tend to listen regardless of who the person is; I have tried to bring the Scandinavian approach to this affiliate.

In Merck, what matters are outcomes and impact, adding value regardless of the position you have in the chart. For that, you must have the right people in the right place and communicate efficiently, always being open to giving and receiving feedback.

Can you elaborate on the company's footprint in Spain and your main priorities?

First of all, Merck wants to focus on specialty treatments instead of very broad diseases to become a global specialty innovator. With that strategy in mind, countries like Spain are set to be the spearhead because they are producing some of the best research and development innovation.

The roots of Merck reach back as far as the 17th century and it will reach 100 years of activity in Spain in 2024, something that very few companies have done.

The group has all three divisions in Spain, three manufacturing sites and close to 1,200 employees. The manufacturing sites are divided in two locations, two of them in Mollet del Vallés (Barcelona) that produce pharmaceuticals and chemicals, and the third in Tres Cantos (Madrid) that works with biotechnology products and is one of the seven that the Merck Group has globally. Beyond the 1,200 employees figure, I would like to highlight that 51 percent of them are women, including 50 percent of the leadership team

Moreover, Merck has been investing close to EUR 20 million annually for the last five years, most of it for the manufacturing sites, and intends to continue doing so, we are planning to invest EUR 12 million by 2023 in the Tres Cantos site to upgrade and streamline our production processes. About

80 percent of the fertility hormone that Merck distributes all over the world is produced in the Tres Cantos biotech plant; the United States is the only country where the Spanish hormone is not present, but we are planning to change this in the years to come. It also produces 100 percent of the growth hormone that Merck distributes worldwide. I'm pretty sure Tres Cantos will continue to be a key manufacturing site for the group.

Is there a particular reason why Merck has chosen to invest heavily in Spain?

The main reason could be that Merck's heritage in Spain is a heritage of innovation and the company has chosen to build on that historic presence. The country has a very competitive labour market in terms of scientists, about 90 percent of the more than 5,000 researchers we have in Spain are university graduates. All in all, it makes perfect sense to continue investing in a country where Merck already has a strong footprint.

It is the same case with the Mollet del Vallés site whose more than 400 products serve 40 countries and has a production capacity of close to two billion doses. That site works with the group's more established portfolio, including solid doses, effervescent products and antibiotics.

Finally, the chemical production plant works with APIs used by the organisation across the world. At a moment when supply chain security has been put as a priority for Europe, Merck can be proud of its contribution.

How does the company leverage its industrial investment to achieve better market access? How helpful is it when discussing with the authorities?

Spain is currently not in the right place when it comes to launching pharmaceutical innovation. According to the latest Patients W.A.I.T. (Waiting to Access Innovative Therapies) Indicator from the European Federation of Pharmaceutical Industries and Associations (EFPIA), Spain is lagging in terms of access to innovation compared with other European countries.

There is a need to eliminate bureaucratic obstacles, unnecessary administrative procedures, that impact patient lives without losing quality. We have made great progress in the COVID-19 crisis by investing in innovation and the same should happen with the economic recovery of the country; there are many administrative tasks that are not adding value to patients.

The pharmaceutical industry is, together with the automobile industry, the leading R&D investment sector in Spain, with more than 1,200 million euros per year, 20 percent of the total. The pandemic has made clear that more public-private partnerships are needed, they are the only way to get out of the crisis as soon as possible and have a more prosperous society.

Spain has recently announced a multi-million-euro investment plan for the pharmaceutical industry. What do you expect from these EU funds?

The European Union funds should be allocated where they are needed the most. Pharmaceutical companies, and Merck in particular, are looking forward to using the funds to digitalise the system, create better public-private alliances and partnerships. The government has already stated that the pharma sector is a strategic sector that adds value to the country; they know that every euro spent in pharma innovation returns 2-3 times the amount.

Spain needs to invest more in science and innovation, ensuring a sustainable value chain for the entire healthcare business. The country will receive EUR 140 billion and these funds should facilitate the economic transitions we need to make as a country but also as a region. The pharma sector is intensive in R&D and has a huge potential to transform the economy as investment in R&D allows technological and industrial development. As the pandemic has made clear, investment in the pharma sector means solutions to main social challenges.

Merck recently announced a partnership with IBM and the University of Navarra to invest in education around AI and Big Data. Can you comment on the project?

One competitive advantage of Merck is that it is also working in the electronics sector. Therefore, we pretty much understand how a quantum computing process may help basic R&D to create new chemical entities that can eventually help patients. After discussing with partners, we decided that we must support healthcare professionals in adapting the full potential of technologies since Spain has 17 regions whose computer systems are not connected.

We needed two types of partners, one that could help us with the educational side, for which we chose the University of Navarra, and another that is already working on that type of technology, for which we partnered with IBM. The objective is to train as many healthcare professionals as possible in Big Data and Artificial Intelligence applied to the health sector.

Merck’s CEO, Belén Garijo, a fellow Spaniard, has spoken about transforming the company to focus on neurology, immunology and immuno-oncology. What can you tell us about the company’s portfolio in Spain?

Merck’s pipeline is currently focusing on immunology and oncology, spending close to EUR 2.3 billion in R&D. We have 1,800 colleagues fully dedicated to research and innovation only in Europe. Moreover, 100 percent of the company’s portfolio in oncology, neurology, immunology and general medicine is developed and produced in this area.

We are leaders in colorectal cancer, head and neck cancer, urothelial bladder cancer, and multiple sclerosis, where we have a great legacy. In addition, Merck is a leader in fertility treatments and has a complete portfolio in the area. At the moment, we have 10 molecules being investigated for oncology and inmuno-oncology which will hopefully come to the market in the next years. As I explained, being a global specialty innovator means having the right focus on key areas.

Despite living the hardest moments of the pandemic, in 2020, because we still do not have the figures for 2021, we are conducting in Spain 43 clinical studies, we are collaborating with 320 centres and involving more than 4,500 patients.

The message shared by headquarters is to be number one or two in every therapeutic area where we operate, having a focus on unmet medical needs. For example, we will be introducing a new bladder cancer treatment, a disease that has not seen a significant breakthrough in terms of overall survival in three decades.

Reflecting back on your decades-long career in the industry, what can you share with young professionals that are looking to replicate your career?

What has worked for me might not work for everyone, but I am always curious. I am convinced that keeping the same curious attitude that you have when you are young all throughout your life will lead to success because it keeps you exploring, reinventing yourself. Also, you must be humble and learn from people that surround you, independently of how much you think you know. I try to be surrounded by people that are better and smarter than me, that way I can keep on learning. My last piece of advice is to be hungry and not complacent. The recent victory of Rafael Nadal in the Australian Open is a great example of a person that has reached the peak of his profession but remains hungry.

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