

Interview: Mario Martins, General Manager, Cegedim Portugal



29.01.2014

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Mario Martins, General Manager of Cegedim Portugal discusses the changes that his affiliate has made to adapt to the new realities of the Portuguese marketplace, and explains how a business diversification strategy helped the Company maintain a strong presence in a tough environment.

In what ways have you redesigned and adapted Cegedim to the new Portuguese market circumstances?

We are still in the midst of that change and reorganization process. Cegedim has adapted its business model through some structural reorganization. Though we are globally better known for our CRM business or OneKey data, in Portugal we are perceived as a consultant. We have made a move to stay ahead of the curve, adapting our business model to help our clients face the many new ongoing changes in the Portuguese market. Since the beginning, we have organized the company to be more aware of the type of data we need to reinforce our consultancy approach to our clients, such as obtaining information from new stakeholders or preparing a multi-channel digital approach, which previously did not exist here. Due to the impact that Governmental laws have had in the industry, these are not easy times for any market player but we at Cegedim are quickly adapting.

Would you agree that the traditional sales rep model is more appropriate for southern countries than the multi-channel marketing approach?

Not only is this true in southern Europe, but in Latin America as well. Though the digital proficiency evolution has resulted in an increased number of healthcare professionals ready to be approached in different ways, this is still in an initial stage. Cegecim is certainly looking into this more and more. Companies are also starting to look at the multi-channel approach.

But it is true that in southern countries the relationship between rep and healthcare professional is of great importance. Face-to-face will continue for years to come but Cegecim has to be prepared to handle the new realities of multi-channel trends. This will happen most quickly in northern European countries, followed by southern European countries and then emerging markets like Latin America.

What characteristics are unique to Portugal's pharmaceutical market?

Portugal has an unusually large number of generic companies for a small country. Most other European countries have six or seven players, whereas Portugal has about 30. It is the only market that is growing, although only in volume. Four years ago, the average cost of a generic in Portugal was about €35, now it is only about €6. But the market continues to grow. I think it will need some time to adjust, but the generic market in Portugal will start to look more like other markets sooner or later. In one sense, all markets are correlated to a certain degree.

Furthermore, the model for pricing is based on average price by country, Portugal being a reference country for others such as Turkey. Because of the crisis and price cuts, some multinationals are likely not to launch new products in Portugal, as it would negatively impact the price in other markets with a greater potential than Portugal.

There is also the issue of parallel exports with certain drugs not being available in local pharmacies because they are being exported to higher value markets. Maybe this could create a difference in a southern market such as Portugal when compared to other markets.

How have the increased difficulties posed to drugs reimbursement affected companies' ability to grow?

Takeda is a good example of this symptom. The organization has excellent products but because of the challenges surrounding drugs reimbursement, they had practically closed their operations in Portugal, having only two employees here at this moment. In 2011, Takeda acquired Nycomed and amid both companies there were about 100 reps in our country. Within a year and a half, they were

made redundant. This is just one example among many companies struggling on the account of these reimbursement issues. Socially speaking, it is a challenge and a risk to be in this market. If trends carry on this way, the country can be faced with social problems in addition to having a lack of innovative products. Portugal health expenditure is linked to GDP, which is continuing to decrease, so the challenges continue.

How has Cegedim's OneKey database worked in Portugal since it was adopted here?

As I mentioned, we are not a typical Cegedim affiliate compared to other affiliates across the organization. OneKey is still our core, and despite being seen in the market as a CRM company, I see Cegedim Portugal as a data company. A few years ago, along with OneKey and CRM, Cegedim Portugal started to develop other services in consultancy, crossing data and creating models, collecting new types of digital data for healthcare professionals within OneKey. We are now targeting our clients by being part of the entire strategic process. For instance, if a client wants to deploy a different strategy, we want to be there right from the beginning. Cegedim Portugal launched its consulting services four years ago and we are already being recognised by the market. As an example, we recently helped Bayer re-launch a very important product in Portugal, by defining their strategy in terms of healthcare professional visits and territorial alignments using our consulting services.

How are you diversifying your business?

Our diversification platform started last year. When Cegedim acquired Dendrite in 2007, we had 90 percent of the market in Portugal. In order to keep growing the company since then, we have had to focus elsewhere. We started with consulting and since last year we have focused on medical devices. We only have two clients as of last year but it is an adaptable area and can provide some growth during tough times. In 2009-2010 the pharmaceutical market in Portugal had 5,000 representatives in total and by the end of last year that number was down to 2,000. This business erosion is worryingly large.

The industry needs to find new strategies that do not involve shrinking the number of employees.

Portugal is in the stage of the crisis where it is about to hit rock bottom, and Cegedim is creating strategies to slow down the fall and create re-growth when we hit the bottom.

Neither Cegedim nor any pharmaceutical company will ever reach the same values from seven or eight years ago. It is a structural redefinition of the entire market, not just of pharmaceutical companies. Despite the hardships, I believe that Portugal will return to growth in the near future.

What makes Cegedim the strategic partner of choice in Portugal?

We speak by our credibility and reference. Cegedim has been in the market for 21 years, which is rare in Portugal. Our focus has always been in quality service and attending client needs. We have always been seen as a partner rather than a supplier, and our reputation stands as a testimonial of that to potential clients.

You have spent the majority of your career at Cegedim. What defines your commitment to this company?

I was lucky to be offered the opportunity for many challenges throughout my career here. The combination of doing something I really enjoy and being in a company I share similar values with has held me here. Cegedim has always been a very open company, encouraging its employees to always contribute with their opinions and ideas.

The company always tries to offer opportunities for career development, like I was able to do when I went to Brazil. Once you put on the Cegedim shirt, it is hard to take off.

What are your expectations for the next five years?

The problem I face, along with other general managers throughout Portugal, is reliability when it comes to anticipating the future. It is impossible to predict what will happen in Portugal even in two years time. This is our problem.

The pharmaceutical market is extremely regulated by the Government. If the Government foresees more economical issues they can tell the industry that prices will be cut by as much as 30 percent within a matter of weeks. This does not happen in other markets. It is therefore crucial to obtain stability and generate economical growth again in order to stabilise the market.

Strategically, Cegedim must adjust the typical way of doing business to be more in line with the post-strategic decisions of its clients. Cegedim Portugal will continue to be a strategic partner for clients to help develop their business. In addition to the pharmaceutical market, we will continue to diversify through other areas such as medical devices and veterinary.

How do you foresee Portugal's future as a whole?

I believe that Portugal is a great country for companies to invest in. We are finally coming to the end of the tsunami. We are starting to see economical stability for the first time in several years and I think that despite all the changes, we are facing new realities worldwide such as the disappearance of blockbusters and diversified portfolios. Portugal is a great country and I think

pharmaceutical companies looking to invest here should certainly make the effort to come.

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