Interview with Dorthe Mikkelsen, Senior VP, MSD Denmark

07.04.2013

Tags: Growth, MSD

Why did MSD decide to have Denmark as the headquarters for the Mid Europe 2 region?

This Mid Europe 2 region consists of 10 countries, most of them clustered around the Nordics, which include the Nordics, the Baltics, Switzerland and Austria. The region is characterized by stable economies with positive GDP growth and limited debt, a high concentration of pharmaceutical and biotech companies, highly innovative countries with top-universities and integrated digital healthcare systems.

We run the Mid Europe 2 region out of Denmark, but in principle it could be run out of any of the mentioned countries since we have a very flexible, virtual organization. Today it's not necessarily very important where the brick and mortar are, since modern communication helps facilitate to have a virtual team, so we have set our organization up based on a business decision.

The global sales of MSD in 2012 were USD 47.3 billion, an increase of 2%. What was the performance of the market and which were the countries that were the most important to the growth of the region here?

There is a difference in size across the countries; the largest markets are Switzerland and Sweden, followed by Austria and Finland, and then Norway and Denmark. The countries are in a market that's flat, so growing is a bit of a challenge.

However the region has a number of strongholds. The MER2 countries are on the forefront when it comes to innovation. According to the 2013 innovation ranking form the European Commission there are four MER2 countries among the five most innovative countries in Europe! This is important because the ability to utilize new technology and translate innovation into practical solutions for patients and society are essential to creating sustainable future healthcare systems.

Given that these mature markets have a flat growth, what is the appeal of markets like these versus those of emerging markets?

As we look at health care expenses, they're growing, and pharmaceutical expenses would also be growing, except that now we see more and more measures being put in place that are straining the pharmaceutical industry. As an industry and as a company we understand very well that there are difficult times in Europe, there is a financial crisis, there is a challenge to government's healthcare budgets, as well as other factors, such as the trend of aging populations that are also putting pressure on the healthcare sector.

We are prepared to take our role in this, however it must be proportionate with what medicines represent in overall healthcare expenditures. The fact is that pharmaceutical expenditures are only a small part of the total healthcare budget. Accordingto OECD healthcare related costs represents 10% of the total GDP, 15% of this comes from pharmaceuticals and only half of this comes from new, innovative products.

The pharmaceutical industry is the largest contributor to the trade balance in Europe and the number of patent applications last year reached an all-time high. We need to convince governments that the pharmaceutical industry is not part of the short-term economic problem, but part of the long- term economic solution.

Given the challenges on the horizon, what will be the differentiating factors, which will make MSD succeed?

We have a very clear strategy to compete in this type of environment; first of all we focus on executing on our core brands. Our core brands are within diabetes, immunology, infectious disease, cardiovascular, neurosciences and oncology. Furthermore, we have one of the strongest pipelines in the industry, so as those products make it to market we continue our efforts in R&D to ensure that new products will continue to come.

Coming back to our core brands— boosting our diabetes franchise will be important. As we look at some of the estimates about the burden of diabetes worldwide (almost 350 million people will be suffering and projections say that it is going to be one of the leading causes of death across the world), it is a huge threat to patient health and obviously a big burden on the healthcare system. Diabetes is one of the therapeutic areas that MSD compete very well in, with the intentions of continuing this performance. In Finland for instance, our diabetes franchise (type 2 diabetes) is the largest franchise.

We also compete well with our immunology products, REMICADE® and SIMPONI® in arthritis. In Switzerland SIMPONI® has been received very well by patients and physicians. Physicians have been positively surprised how quick and easy patients got accustomed to their therapy. Patients successfully master their everyday life, profit from an increase in life quality and are not constantly reminded of their disease.

What MSD brings, first and foremost, is new innovative products to the market. Our foundation is to discover, develop and bring innovative new medicines to patients, which remains the core of our business model and our foundation. We also offer services around our products, so the patient can really get the benefits and achieve the outcomes that we would like to see from our treatment.

When we interview all the Pharma companies, every executive talks about innovation and access to medicines. Without using the word innovation how does MSD differentiate itself?

It’s very difficult to answer that question without the word innovation. Our reason to exist is the discovery and development of drugs. That will not change. What we can do to compete well in the environment is to bring those products into the market well, complement products with services and solutions and document how the products are going to work in real life.

In Sweden, MSD has just established a support program for type-2 diabetes patients, who have been prescribed one of our diabetes treatments. The aim of the program is to improve treatment outcome and patient health by lifestyle changes and improved adherence to medication by empowering and supporting patient to self-care. This is an excellent example of an initiative that provides better life quality for patients and better economy for society.

In a more global perspective, the governments are increasingly cutting prices, but at the same time are seeking innovation. While the pharmaceutical industry is a business, you are also committed to helping cure society. In this dichotomy, what would you say is a first solution, if one exists?

There are a lot of synergies here, so instead of seeing opposites, conflicting priorities, or conflicting objectives, I would see this as common objectives to a larger extent. If we can look at what innovative products bring to the health care systems, in many cases improving productivity and effectiveness in the health care system is coming from introducing new technology and new medicines that will help improve the effectiveness of the health care systems.

In this perspective, the patient will benefit and governments will be able to deliver on the health targets that they have set up in their countries. That’s one thing; the second thing for this industry is the innovation and research that it brings, which are subsequently translated into products.

Research and innovation is a long, ongoing process that also takes place in collaboration with different stakeholders: researchers, academia, universities, top scientific leaders and healthcare professionals.This interaction in and of itself adds a lot of value to any society that welcomes innovation.

Linked to this is a third element, which is the industrial and the trade perspective that isimportant in those countries where you either have a domestic industry or you attract foreign and direct investment from pharmaceutical and biotech industries.

Speaking about this third element, how will you grade Denmark and the Nordics in general in terms of attracting investments?

There are several criteria determining where to place investment, one of them is the market conditions— market size and opportunity is very important and for us, and as a company this is what we are looking for when we invest in a subsidiary.

Another dimension worth looking at is specific capabilities or competencies. Here I would highlight that MSD is on a large scale investing in clinical trials in the Nordics; about 10% of all of MSD's trials are being conducted in the Nordic region, which is obviously due to the environment being attractive for development. Its attractiveness rely on a health care system which has to be state of the art, with strong medical professionals, a high level of scientific leaders, both at the universities and at the clinics, and an infrastructure where you can conduct clinical research.

Furthermore, in the Nordics you have a good data foundation in the registries that is potentially a bit of a goldmine for doing research and developing new products. If you deliver on those criteria then both retaining and attracting investment is possible.

There is competition in a global world, so it's not simple. A message that we as a company and an industry keep sending is that we should not become complacent by just delivering on the criteria mentioned, because if we do that in a globalized world, investment may go elsewhere.

Coming back to MSD from a managerial point of view, how have you adapted to the dynamism of your position?

Every country is unique and every employee is unique, but there are some overall characteristics of the Mid Europe 2 region, such as the countries have a similar level of economic wealth and growth. Health care systems have some similarities, but they're not identical; the technology level and the innovation for these countries is always very high when you look at different scoreboards from the European commission, from OECD, so there are many commonalities across these markets.

Then you add to that— language, culture, individual functions and people, which I find is very fascinating and I personally spend a lot of time both with my organizations, and also as much as I can with customers in every country, for me that's very important. The same goes for my employees in the Mid Europe 2 region. They do not spend their time behind a desk. They spend their time face to face with their customers.

Consequently, the reputation of MSD has evolved positively over the past three years. When we look at our reputation with the physicians, MSD is the pharmaceutical company with the best or second best reputation in the pharmaceutical industry in Mid Europe 2. My ambition is that MSD becomes number one throughout my markets within the next year to two.

You have been working in the company for 16 years; what has been the best part of working for a company like MSD?

The best part is when we get stories about patients' benefits from our medicines. That's the reason for us to exist, it's very important for me as a person. What motivates me and our staff is that we make a difference in people's lives. Evidently there are different sorts of challenges and barriers to overcome but if we know what our core mission is and we're proud of it, it will get us through the challenges we're going to encounter.

The ability to live and explain our mission is very attractive for potential employees coming to the company. If we look at the younger generation they seem to be attracted to it, asking what is this company about, what are they really here to do?

Do you think there is a stigma that the industry is still perceived as the "bad kid on the block"? What can the industry do in order to wipe the slate clean?

I think there is a communication challenge for us, to communicate about the good things we're doing in the industry, why it is a for-profit industry, why the business model is as it is, and why because of its nature there has to be really good incentives for investing and bringing forward those new products that are addressing medical needs.

There is a stigma and I would agree to the overall picture. First, many people wouldn't necessarily know the industry, so the awareness in the population might not be very high. Then there is a tendency for it to be perceived negatively, however, in some countries where you have a large employee base in the industry, the perception is much more positive.

To solve the challenge about awareness, there are many initiatives we are doing in order to increase the knowledge and transparency about what it is we are doing.

In a more personal way, you're not only heading MSD's Mid Europe 2 division, you're also on the government "Growth Committee," and the chairman of LIF, the Danish pharmaceutical industry association. How do you find the time, and what advice would you give to young female xecutives in terms of being a woman on top and still maintaining a

balanced life?

It’s a difficult choice you make; you have to instill priorities into your life. I have a family, I have a son, and I spend time with them and prioritize my family very much. For me, it’s about making the choices and looking for balance, but I would say also realizing that you may not get the perfect balance is key.

The advice will be to take the time to regularly reflect on whether you’ve made the right choices and feel good about it. There are things you cannot do and will not do, so focus on the ones that matter most for you professionally as well as privately.

What would you like to be your final message for our readers?

For me it’s very important what we do in MSD is making a difference in people’s lives, both for patients and also for employees. This is what motivates me still on a daily basis. We strive to become the number one company, the leading healthcare company in this region; we’re working off a base of currently being ranked number 3. How we get there is important as well.

We aim to do so by competing well, being highly ethical and also putting emphasis on explaining to the world what it is we’re doing and why we’re doing it.

See more interviews