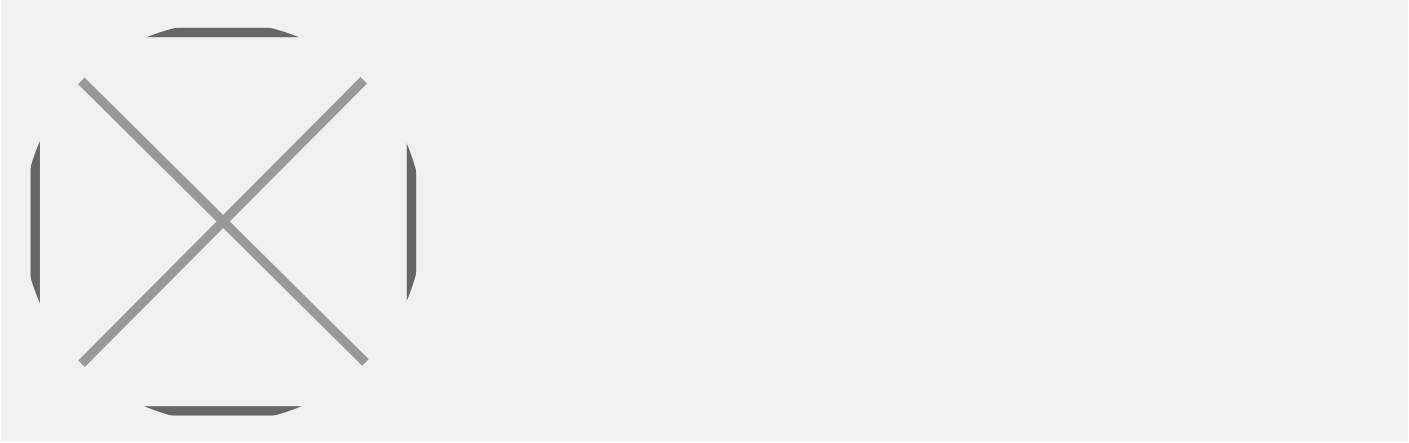
Interview with Aurelio Martinez, General Manager Mexico, Central America & Caribbean, Cegedim Mexico



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From your perspective in healthcare consultancy at CEGEDIM, what do you think have been the most impactful changes in the Mexican pharmaceutical and healthcare sector over the last few years?

One of the most important issues that changed in the Mexican pharmaceutical industry is the growth of generics, and this also applies to the whole of Latin America. For many years the Mexican pharmaceutical industry has been growing steadily with high prices, when generics appear suddenly big pharmaceutical companies underestimate their impact in the market and the share that they could gain. Right now generics hold between 48% and 50% of the market volume in Mexico. It is interesting to see that although the overall units in the Mexican market have been reduced in the last 5 years, the value continues to be the same- and this is because of an overall price increase.

Another significant point to note is that small Biotech pharmaceutical companies who used to give their brands to larger international firms are turning to the markets instead and seeing that it's cheaper to commercialize their products themselves. These companies mostly manage orphan drugs and in Mexico, you don't need a team bigger than thirty people to do it because there are only a few target physicians who treat these diseases.

Another big change has been the switch in market share between institutional and private business. Ten years ago the ratio between Government and private market was 75/25 in terms of volume, and now it is 95/5. The Government increased its share so much for two reasons: firstly because a large percentage of the middle class are now turning to look at social services because

the price of physician appointments has increased, and is extremely high in some cases, and secondly Seguro Popular is now covering 51.8 million people.

How have you seen this coverage from Seguro Popular, with almost 50 million Mexicans, shape the industry in the last 4 years, and how do you think it will continue to shape the way both national and multi-national companies operate?

The Government has invested a lot of money in Seguro Popular that was not previously there, which is very positive, and the coverage has grown immensely. This has made market access is even more important now than before, because the Government is increasing their share.
At the end of the day the final goal is to provide products and treatments to the patients, and it is the Government that plays a very important role in that. The institutional market is focused on price and market access in the first place, rather than long-term vision on treatment quality and potential adverse effects, whereas the industry as a whole is becoming more focused on pharmaco-economics and the complete treatment of a disease, instead of just one treatment at the lowest price.
The Health Maintenance Organizations (HMOs) are also playing a huge role now; in the past you could go to an HMO and they would pay without regard to the value of the procedure, surgery or treatment, but now they have their own national network and are starting to seriously review prices, which has had a knock-effect in the market as a whole.

We have seen that there are quite a few specialty drugs included in IMSS and Seguro Popular: have you seen the relationship between the Government, patient associations and the pharmaceutical companies open up over the last few years?

I have seen the relationship between industry and Government improve greatly over the last four to five years, mainly as a result of a few key figures within the industry creating awareness within the governmental structure. In the past, pharmaceutical companies just had to work with the physicians in order to get loyal customers, but then the Government started getting involved because of the high cost of treatments and the growth of social services, and they also started listening more closely to the industry. That is the reason why market access has gained importance for pharmaceutical companies in Mexico.
Patients and associations are also taking a very important role now in specialty medicine in terms of the treatment and medication coming in and being used on the market, which has helped improve overall communication between Final Users, Physicians, HMO’s, Government and Pharmaceutical Industry.

How has CEGEDIM evolved its strategies and products in order to fit the Mexican market so well?

CEGEDIM used to be an IT-focused company and our strategy was to provide the adequate tools to support the Sales Force Effectiveness (SFE) team and the IT team within a company. But companies need to be seen as a whole as opposed to separate parts. The success of our clients is a combination of Products, Strategies, and teamwork, which is what is required to continue and grow a company, a Business Unit or product. So we changed both the way we worked and the people we focused on in order to become a real partner of the pharmaceutical industry, which is one of CEGEDIM's key strategies.

How would you define a 'real partner'?

A real partner is one that really adds value to a business. In the past we only used to sell products, and focused on achieving a certain number of calls or a certain number of pitches; but we don't do that anymore. We build personal success and development cases for each client. I have even sent all my direct reports and second-level staff on a basic sales course, because they need to understand the fundamentals. We sell great sales tools, and we need to support our clients In using them to the best of their ability, providing valuable information for their business, So that change combined with changing our sales visits from the IT section of the companies to the commercial side, has changed things in CEGEDIM Mexico. Now my staff know exactly who to speak to depending on the product we are offering. The first question we ask the customer is "what are your needs?". If we do not know their needs, we cannot provide a proper solution.

What is the most successful solution that CEGEDIM has here in Mexico?

Up until now, our most successful solutions have been firstly Customer Relationship Management (CRM), secondly One Key, and thirdly, Interactive Marketing which is growing much faster than the other two. Interactive Marketing is a combination of products, many of which are based on One Key, including ad-hoc interviews and another product called Physician Connect that is a way of network influencing. We have what I call a 'virtual sales force' called Medical Dialogue where we hire people who used to be in the pharmaceutical industry in order to call physicians and makes sales pitches in areas of Mexico where insecurity is very high, or in areas where our customers do not have a presence. This has increased our sales significantly through exposure in areas where we previously had none- we might have the best product in the world but we will not sell it unless we have exposure!
We also have Xtelligence which is a global Business Intelligence project that we are managing here in Mexico, for the whole of Latin America. It is one of the most important products in our pipeline along with Interactive Marketing,

Where do you expect these new products to take CEGEDIM in the Mexico market over the next five years in terms of growth and positioning?

Right now we are leaders in the market, we have close competitors coming in but they have not invested in Mexico as much as we have. I hope in five years we are still the market leaders; we intend to double our sales in the next couple of years, and after five years to have increased them at least four fold in order to become the real partner of the pharmaceutical industry. The best thing we can do for a client is to be their advisor and to make things easier for them, that is what we are working on, and that is how we will assure our continuity in the market.

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