

Interview with Javier Lombar, General Manager, IMS Health Argentina



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It's safe to assume that everywhere that IMS Health is established, there's also a flourishing pharmaceutical industry. Could you give us an overview of Argentina's IMS operations?

IMS has been in Argentina for 35 years, working in information services. Two years ago, we started to offer our customers consulting services. This area accounts today for 25% of turnover out of 75% of turnover obtained with researches. Therefore, our next step is the outsourcing of market intelligence processes.

The market in Argentina was changing a lot, and for this reason it is not only important to have access to market information, but also to work with it in order to decide the criteria for new businesses, projects and ventures. IMS Argentina is working very closely with our clients because since the Argentinean crisis in 2001, information has become even more important here. Since 2001, we have actually increased the amount of data and services we have sold. After 2001, the situation was very demanding in the pharmaceutical industry because its dependence on the healthcare system. Today, 50% of the market is covered by private insurance. HMOs are pre-paid, and this means that the system works in a different way to organizations like PAMI, and the other healthcare systems in the country. Our marketing in health depends on the health of the system – if it is healthy, we have a promised future. If there are problems in the system, like we are expecting as a consequence of the world crisis, then things might be a little more difficult.

If the crisis of 2001 increased your units requested, maybe this crisis will also affect you positively.

The problem is that the 2001 crisis only affected Argentina. Today, the consequences are global. Laboratories in 2008 were worried that 2009 would be terrible. Today, they are still waiting for the crisis to hit. The economic crisis has added new levels of complexity to an already challenging market environment. To strengthen their resilience, manufacturers need to adapt their strategies by re-evaluating their commercial models, pursuing opportunities in emerging markets, and strengthening the value proposition of their medicines in ways that resonate with payers and patients. This will be a very interesting year in terms of numbers, units, and sales. In this kind of situation, IMS Health can be used like a compass in a storm. You can have the best compass, or you can use a poorly made one. The market changes constantly and we need to work with our clients to help them understand these changes. For example, this year is an electoral year, and we are also experiencing the consequences of the economic crisis, and swine flu.

How does IMS Argentina fit into the global and Latin American IMS structure? What kind of place does the business have here in that context?

Founded in 1954 in the United States, IMS Health is also aiming at emerging markets. One of the largest consultancies in the world specializing in the pharmaceutical area, the company is strengthening its structure in Latin America. Present in more than 50 countries, with nearly 1,800 consultants IMS sees Latin America as one of the most important markets. We are third largest operation in Latin America. IMS Health worldwide is investing a lot in IMS Argentina, as well as the rest of Latin America.

This is a very interesting and dynamic market. An example could be that there are a lot of Argentinean laboratories that deliver to Uruguay, Paraguay and Chile. We are a very important market for Latin America.

Normally, when we meet with IMS in a country, they are linked more to the multinationals. If you had to assess your client base, how much of it is local manufacturers, and how much MNCs?

The split is fairly equal. Whether we work with a laboratory or not depends on their size and importance. Local players here have almost 60% of the market in Argentina, and some of these are very important players. Out of the top ten laboratories, six are national laboratories. This has been the case for years.

Is this a model that other IMS operations worldwide can learn from? The positioning of the local companies here is unique in the world. What lessons can be taken in how to deal better with local players?

IMS Health is present in more than 100 countries and this brings a lot of experiences. What we say we do, we do regularly in time with targets for continuous improvement. The continuity and

expertise in the industry gives us a high reputation among customers and this globalization allow as to implement leading cases from Argentina to other countries. We have the Intellectual Capital with excellent professionals all over the world.

We are trying to help local companies understand that it is in periods of crisis like this that our information is most valuable. They have a lot of flexibility, and take decisions more easily than MNCs.

Consultancy is a relatively new step for you. When we spoke to IMS Mexico they were saying that their business last year was around 15% consulting, and the rest was data services. What is the balance like here?

In Argentina IMS Health's consulting business is still very young,. It makes up about 14.5% of our business in the country today. IMS Health's worldwide target for consulting is around 25%. We also offer regional consulting services. We have a very solid consulting team here in Argentina: the person who leads our consultancy team here is also in charge of other countries in the south of Latin America. We are doing very interesting business working with all the countries and providing services that go beyond national borders. Our Head of Consulting is responsible for Chile, Peru and Uruguay.

Multinationals tend to take a very large view when it comes to their operations in Latin America, and so one manager can be in charge of the whole region, not just a country. Roche in Argentina is directed from Brazil, but whilst the head of Janssen?Cliag is based in Argentina, the head of Argentina's Lilly operation is in Peru. Brazil and Mexico are both fairly autonomous, but when it comes to the rest of Latin America, you need to think in terms of the region, not just particular countries. This is part of globalization, and part of what IMS tries to reflect that regional view by implementing an international standard of best practices. We also have to consider that Argentinean industry in general is growing in maturity. Consulting is growing more and more popular, not only in the pharmaceutical industry but in other sectors as well. Information is a very important part of doing business in today's world. Many local companies in Argentina have realized this are doing their own surveys, but they are not always successful. There are a number of reasons for this, but I think the experience and wealth of knowledge of a company like IMS Health really helps us to do the best job.

How do you find the market in Argentina for consulting? Does it tend to be the multinationals that use the service in other countries, or are you seeing more National companies start to adopt it?

Our services are aimed to any company, whether national or international laboratories, large, medium or small business. The global knowledge base and experience that IMS Health has, and the quality of our information, is something that cannot be replicated by others. These regional

services that we offer are very useful to our multinational clients who operate all over Latin America, as well as some of the larger national companies that are present in more than one market, or those who want to be.

Have you seen a lot of M&As here in Argentina? An economic situation like this can often provide the perfect momentum for this to happen.

All laboratories have the objective of moving along the rankings. With mergers, this is possible, but they are not as common as you might think. I worked at a lab for several years in a pharmaceutical company, and I heard serious talk of mergers five or six times during that period, none of which came to anything. There are a lot of rumors in this industry, but very few of them are worth paying attention to.

What is the current trend in Argentina? A lot of the local companies are family-run and very strong.

In Argentina, the pharmaceutical industry maintains the same business and the same level of growth since long time ago.

Everyone is talking about Argentina as a potential clinical trial hub. Do you think this is feasible in Argentina?

Yes, since few years ago, it has been very demanding in Argentina for multinational laboratories and CROs because of the growth of biotech. Argentina has all the structure for testing and working with clinical protocols audited by ANMAT (the health authority).

Today, the government is very much focused on the economic and financial problem. If there is a new and innovative product created by a multinational laboratory, they have to ask themselves who will pay for it. Here in Argentina, 100% of payment for specialty care comes from the healthcare system.

All the laboratories are thinking of investing in Argentina, because of the 100%. The patient consumes here, but doesn't decide. The doctor decides, but doesn't pay and doesn't consume. With this structure, laboratories have the responsibility to decide if their product is innovative, since pharmaeconomic consideration is very important, and adds more value for the quality of life of the patient.

On a more personal note, you've had a lot of experience in the industry at Roche and AstraZeneca. What attracted you to come to IMS?

I love the pharmaceutical industry. However, all laboratories play in the market deciding their businesses between two main objectives: to make money and to help improving people's quality of live. Getting the balance right allows them to make a difference in the healthcare sector.

In this scenario where all companies fight for a place, IMS Health acts like a journalist in the middle of a war, trying to discover the real situation, trying to understand why, what, and when. For me, that is a very interesting challenge. I feel that IMS Health is especially interesting in countries going through constant development. It is a very interesting challenge to try and help companies to understand how they can develop.

Given your pharmaceutical experience and your IMS experience, what would you say makes a great general manager of an MNC in Argentina?

In a few words, they should help their companies to think long-term, despite Companies demand that they think in the short-term. Managers can transcend the company, and think of their own career as their company. There are a lot of decisions to make every day. It is a very interesting challenge to try and help companies to understand how they can develop.

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