

Interview: Alexis Serlin - Country President, Novartis; President, CANIFARMA, Mexico



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Alexis Serlin, country president of Novartis Mexico and president of CANIFARMA, the industry chamber that brings together multinational and local drug manufacturers, explains how the pharmaceutical industry in Mexico aims to be recognized as a strategic sector by both the Ministries of Health and Economy. He highlights Novartis Mexico's leadership in terms of 'beyond-the-pill' approaches, the unique commitment of the company to significantly raise patient outcomes in Mexico, becoming the partner of choice of Mexican public partners, and further expanding strategic investments in the country.

When you became president of CANIFARMA in March 2015, one of the Chamber's first and foremost priorities was to ensure the pharmaceutical industry would be officially recognized as a strategic sector for Mexico's economy. From your dialogue with Mexico's Secretaries of Economy and Health, why are you confident the country's pharmaceutical industry will soon be able to reach this important recognition?

With regard to this recognition, CANIFARMA's dialogue with both Secretaries has been indisputably gaining traction over the past two years. Overall, our strategic approach is based on two main axes.

The first one relates to the substantial economic impact of the pharmaceutical industry in Mexico. For example, we already stand as the third largest manufacturing sector of the country in terms of manufacturing GDP. Furthermore, the growth of our industry's annual production has been continuously outpacing the increase of our country's population, which highlights the strong and enduring domestic demand for our products. In the meantime, pharmaceutical exports are also growing faster than the average growth rate of our country's total exports.

To nurture this spectacular growth of our domestic production and exports, the pharmaceutical sector has been heavily investing in the country. As a matter of fact, pharmaceutical investments in Mexico are growing faster than our production volume, while clinical trial activities, which represent high-added value investments, are the fastest growing investment segment of our industry.

The second axis of our dialogue with public authorities relates to the correlation that links the level of penetration of pharmaceutical products with the country's enhanced capacity to reach better health outcomes, higher workforce productivity and sustain its economic growth in the long-term. In this regard, CANIFARMA is currently assembling a strong, evidence-based case that demonstrates this causal relationship, and how a healthier population will translate into faster economic growth for our country.

I am glad to say that these two strategic aspects of our dialogue are particularly well received by the current government, which strengthens our confidence to see the Mexican pharmaceutical sector being recognized as a strategic sector within the upcoming months.

What would you highlight as your most significant achievements since you became president of Canifarma?

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Since my appointment, I have been strongly committed to bolster a sound and open relationship with our government, including both Secretaries of Health and Economy. In this regard, I am particularly proud to have contributed to design and develop our aforementioned, two-fold approach. Historically, in Mexico, our sector's contribution has solely been considered from a healthcare point of view. Approaching our sector's impact from an economic perspective, in which we can demonstrate that investing in healthcare is necessary to propel our country's economic growth, truly helps to make our voice heard.

When a country's economy is facing global headwinds, it is always risky to only focus such a strategic dialogue between the public and private sectors on healthcare outcomes. Nevertheless, by combining a healthcare approach with a strong, evidence-based economic perspective, our industry can create the momentum it needs to reach this important recognition.

Novartis is one of the most prominent pharmaceutical companies implanted in Mexico.

How does Novartis define its role and contribution within the Mexican eco-system?

Over the past few years, we have been moving our approach from being a typical, transactional pharmaceutical company to becoming the healthcare partner of choice of the Mexican government, institutions and physicians. In this endeavor, our overarching objective is to ultimately improve patient outcomes in Mexico.

Our strategic thinking is clear: if we manage to significantly increase patient outcomes in the main diseases affecting our country, and we are able to measure this impact, we will truly generate value for the Mexican society as a result. In turn, this value will also be beneficial to us, as a company.

This new approach also implies strengthening therapeutic capabilities that go beyond the pill. For example, we have been partnering with the National Institute of Medical Sciences and Nutrition to create a center of excellence for the treatment of diabetes, an epidemic that affects more than 13 million Mexicans. The project's results speak for themselves: 80 percent of the patients of this center now have diabetes under control, compared to the national average of 30 percent. Furthermore, the outcomes of this project have been measured in a very formal and credible manner, and published in different scientific articles.

Over the last two years, we have been replicating this approach to an increasing number of therapeutic areas, and thirteen similar partnerships have already been signed with various Mexican research institutions.

To what extent does Novartis follow the two-fold approach - combining health and economic outcomes - that you have been promoting as president of CANIFARMA?

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To date, Novartis Mexico is the only pharmaceutical company which has signed ambitious collaboration agreements with both Ministries. As part of this pioneering partnership, we jointly established five clear priorities: first, the further development of effective disease management projects via the implementation and development of centers of excellence throughout the country;

second, nurturing a heightened collaboration with Cofepris with regards to quality of medicines; third, our decision to invest USD 50-million in clinical research within the next four years; fourth, our commitment to further bring innovative medicines and therapies to Mexican patients. Last but not the least, Novartis has also chosen Mexico to create a 1000-employee center of excellence for back-office functions, comprising accounting, IT, HR and medical writing to service all American affiliates of the company, including North America.

As you mentioned, Novartis will invest another USD 50-million into clinical research in Mexico within the next four years. How do you explain that Novartis' headquarters are so keen to allocate substantial R&D resources to Mexico?

Over the past years, the Mexican affiliate has been continuously demonstrating that world-class clinical developments can be conducted in this country. Furthermore, we also boast an irreproachable track record of successful projects conducted with the most prestigious Mexican research institutions - in all our main therapeutic areas. These successes also mean that we are able to deliver credible clinical outcomes on schedule and at a very competitive cost.

Moreover, we benefit from the appealing regulatory improvements that Mexico's public authorities have been recently implementing. For example, treatments developed in Mexico can now receive fast-track approval from Cofepris, whose timeline is so short that Mexico can potentially be the first country in the world to approve a given molecule. In the meantime, Cofepris' recognition has been continuously expanding throughout the region, and treatments approved by Mexico's regulatory agency can benefit from privileged market access conditions in countries like Colombia, Chile or Ecuador.

In Mexico, the institutional sector's growth has been largely impacted by the recent budget cuts, growing four times less than the private retail sector in 2015 - a trend that is set to continue in the upcoming years, according to IMS Health. To what extent do these current market dynamics impact your commercial strategy in Mexico?

Although the private sector may be growing faster than the public sector, only 10 percent of the Mexican population can access treatments through the private retail segment. Concentrating our efforts on the private sector would not be consistent with our objectives to truly raise the bar in terms of patient outcomes in Mexico.

Nevertheless, we will continue to bring the best of our expertise to our patients in the private sector. For example, Novartis is the only company in Mexico that has launched an e-card based program, through which patients can access interventions beyond the pill. We are also about to

launch a new mobile app which will allow patients to purchase and receive their medicines at home, which is particularly crucial as an important share of our patients are elderly people. Furthermore, based on these patients' agreements, this app will compile and transfer information regarding their disease progression – and subsequently enhance a greater interactivity between Mexican patients and their physicians.

In your endeavor to increase patient outcomes in Mexico, ensuring your products are accessible within the public sector is absolutely critical. How are you progressing in this regard?

Over the past years, Novartis has been particularly successful in receiving reimbursement approval from the General Health Council, which is the intermediary step between receiving Cofepris' market approval and starting to negotiate with the different social security institutions. As a matter of fact, we boast an 80-percent approval rate with the Council, which is three times higher than the industry average. Looking at the different social security institutions, we have already managed to include several of our products in their registries, and we proudly stand out as the fastest-growing company in the institutional sector.

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Nevertheless, new inclusions into the public sector are currently limited due the budget constraints faced by our public health system. As a result, some of our products approved by the General Health Council haven't yet been included in the registries of the main social security institutions of the country.

Given this current deadlock to innovation in the public sector, how would you describe Novartis' market access approach in Mexico?

Our market access approach of the public sector in Mexico is perfectly aligned with our fundamental positioning in the country. We partner extensively with key research institutions to establish centers of excellence, in which we collaborate with the physician community to design the best guidelines possible and fully leverage the scientific-based added value of our treatments. Our mission is to generate local, real-world evidence to document the healthcare improvements that our treatments can bring.

Considering the economic context in Mexico, it is of great importance that we can translate this healthcare impact into economic outcomes. For example, in September 2016, we will launch a new treatment for heart failure, as heart disease remains the main cause of early death or disability in

Mexico. We have proven that this treatment reduces the risk of death by 20 percent and hospitalization time by 21 percent. With credible economic and healthcare data, Novartis can build strong pharmaeconomic dossiers, and also look at implementing risk-sharing models with public institutions more easily.

How receptive are Mexico's public institutions to the implementation of such risk-sharing models?

We currently hold very promising discussions with the main social security institutions about these innovative market access models, which could ensure Mexican patients to have a broader access to life-changing treatments.

For instance, José Reyes Baeza Terrazas, general director of ISSSTE [the social security institutions covering 13 million State workers in Mexico], recently highlighted that these innovative models represent a sustainable way forward for the institution, as they allow generating substantial savings that could be reinvested by the institution.

From a personal standpoint, what kind of expertise and skills have you been developing as the head of the Novartis affiliate in Mexico?

A few months ago Novartis' CEO, Joseph Jimenez, visited the Mexican affiliate. During his visit, he was genuinely impressed by the recent achievements brought about by Novartis Mexico's new strategic approach: our 13 research partnerships with Mexico's top research institutes, our centers of excellence, the real-world evidence we have been producing as well as our ambition to champion the implementation of risk-sharing models in the country. Mr. Jimenez pointed out that we have managed to become one of the most advanced Novartis affiliates in the world regarding the implementation of innovative, game-changing partnerships with public institutions and stakeholders.

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As a result, being Novartis' country president in Mexico provided me with a unique opportunity to closely interact with a government, which is ready to professionally engage with the private sector and willing to experiment new ways to partner.

Finally, I would like to point out that many Mexican professionals that worked within this affiliate have followed very successful career paths, both at regional and international levels. Although the

Mexican health-ecosystem may appear challenging and complex, there are many success-stories at Novartis that prove the exigent Mexican market perfectly prepare our people to reach higher positions and be successful in new, larger responsibilities.

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