Interview: Chirfi Guindo – President and Managing Director, Merck Canada



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Chirfi Guindo, president and managing director of Merck Canada, highlights the stunning transformation that has led to a revitalized new Merck affiliate, the innovation opportunities Canada's fragmented and diverse health systems offers, and the importance of greater collaboration and dialogue between all stakeholders within Canada's healthcare and innovation ecosystem.

Three years into your position heading the Canadian affiliate for Merck (known as MSD outside of the US and Canada), what have been some of the key milestones achieved?

For me, the past three years has really been a story of transformation for Merck Canada. The affiliate had experienced a difficult period of decline prior to my arrival with the closure of our research facility, the divestiture of the manufacturing side through the sale of Merck's Consumer Health business, as well as a succession of loss-of-exclusivities (LOEs). My primary challenge was to re-energize and prepare the organization for a much brighter future.

The first element was to communicate the new Merck strategy to our people, as it is very much based on external, collaborative research rather than the previous, 'bricks-and-mortar' style. I emphasized that we could have more impact with this newer model. Next was to return to the basics in terms of partnering and innovating. For instance, we have launched initiatives on the commercial side in pricing and contracting, based on the realization that we cannot keep asking

payers to pay huge amounts for new drugs based on the old model. We need to work with them to devise more sustainable solutions. By challenging our traditional approach to market access, we have managed to get our major products in most provinces, to the ultimate benefit of Canadian patients.

I am pleased to say three years on, all our indicators are positive: the affiliate's positioning has moved up from 6th to 2nd today (among leading biopharma competitors), our people are focused and engaged, and we are able to attract and develop top talent. We have a flagship employee opinion survey, the Voice Survey, and the overwhelming response is that Merck is back on track.

Merck's global CEO Kenneth Frazier frequently stresses that innovation means going after the most unmet medical needs. What are those within the Canadian context?

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Having worked and lived in many other countries across Africa, Europe and North America, I must say that Canada is blessed to have a much better healthcare system than many other parts of the world. Nevertheless, there are still areas for improvement.

For instance, diabetes and pre-diabetes affect one in three Canadians, an extremely significant proportion. The great majority of them are either undiagnosed or untreated, and those treated are not always treated to goal.

The second priority is cancer, which is the leading cause of death in Canada. While medical technology has come a long way and health outcomes are improving every year, there is still significant unmet medical need. The good news is that new immuno-therapies are revolutionizing this field to such an extent that the prospect of cancer becoming a chronic disease is now a not-so-distant dream.

Next is vaccines and the opportunity to prevent infections, including those that can cause certain cancers (for example cancers caused by the Human papillomavirus, HPV). The fact is that 90 percent of HPV-related cancers can be prevented if you vaccinate the appropriate cohort. Canada is doing relatively well compared to other countries but we do see significant disparities in vaccination and disease incidence across provinces.

Another huge opportunity is infectious diseases. Merck has a long history of innovating in HIV, which is also a great story in itself because HIV used to be a death sentence but has become a manageable chronic disease today.

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Finally, across all these areas, the prognosis and healthcare outcomes are worse when you consider the aboriginal communities. This is another extremely pressing priority and Merck has launched two important initiatives in collaboration with provincial governments, professionals and communities to try to address this problem.

What value is Merck bringing to these areas of great unmet medical needs in Canada?

These are where the strengths of Merck lie, which means these are areas where we can have the most impact. We can collaborate with healthcare stakeholders of all stripes in this country to make a huge difference – and this is precisely what we have been doing.

For instance, in diabetes, Merck is working with healthcare professionals and other stakeholders like Diabetes Canada, the national diabetes patient group, to educate Canadians in terms of both lifestyle changes in prevention as well as treatment. In oncology, Merck has invested a significant amount in immuno-therapies and is recognized as one of the leaders in this field. When it comes to infectious diseases like HPV, we are working with the Public Health Agency as well as provincial authorities to address the disparities in HPV-related cancers prevention and care. We see it as part of our mission that every Canadian is protected from HPV-related cancers. Another example is HIV, people seem to be becoming a little more complacent and HIV rates are not decreasing as much as they should, so Merck is in discussion with various stakeholders to bring our expertise and studies to suggest more effective models of care.

That said, whether it is diabetes or oncology or vaccines, we see the need as bigger than one company. No single company can help change the trajectory of these diseases, so a collaborative approach has to be taken. We are looking forward to working with other companies, both within and outside of industry. For instance, in diabetes, we are working with Ayogo, a start-up in Vancouver, BC, that has developed a gaming technology to encourage young people to stay more active as a diabetes-prevention strategy. Collaboration is needed across all levels.

How does Canada’s fragmented health systems affect the way Merck is able to build these collaborations across different stakeholder groups?

The positive side of that fragmentation is the diversity Canada offers. You have single-payer European-style health systems, combined with a well-developed private sector similar to the US; and you have access issues in parts of Canada that remind me of emerging markets. Add to that immigration, with people from all over the world entering Canada, it makes for a very interesting

market that functions essentially as a microcosm of the world.

The advantage of that is that you can experiment with different models of care. We have a global program called *Merck for Mothers* that promote initiatives to reduce maternal mortality and improve child health outcomes in aboriginal communities. What is fascinating is that we are applying models we have used in parts of Africa and Asia.

Diversity is a strength because of the ability to innovate. This is what Canada offers.

The challenge is that it takes a very long time to see action and results, even at the individual local level. Part of it stems from the federal-provincial system, which is the constitutional reality of Canada. But part of it is also cultural because Canada tends to operate on a consensus model where you need to secure buy-in from everyone before things can get done. This slows the pace of change. I would like to see a greater sense of urgency, greater collaboration across provinces and between province and federal, and a greater willingness to partner with the private sector.

What other challenges are there in terms of Canada's regulatory framework?

Canada has traditionally operated based on a very siloed approach, where innovation and economic development are not connected with healthcare. Ministries of Innovation, Research and/or Science have clear frameworks of industry engagement that do not necessarily align with health agendas. Contrast this with Switzerland, for instance, where industry and government can discuss investment, science and research alongside market access timelines and patient access to innovation.

Notably, Quebec has taken steps to address this issue because the Quebec government understands that the private sector is key not just to economic development but better health outcomes for their citizens. In May 2017, the Minister of Health & Social Services (Dr. Gaétan Barrette) and the Minister of Economy, Science & Innovation (Ms. Dominique Anglade) joined forces to launch an ambitious strategic plan to further stimulate the life sciences sector in the province, from research to commercialization and integration into health systems. Their goal is to make Quebec a top five life science cluster in North America in the next ten years.

Merck has answered the call by committing to invest CAD 15 million over the next three years to launch the Oncopole, a unique, public-private, co-creation partnership, with the intent of boosting research capabilities in Quebec, making sure that new innovations get to patients sooner, and linking all the key experts into one network of care.

I also believe that there is a strong misperception that Canadians are paying too high a price for their drugs. This has been driven by recent price controversies, especially those in the US. The reality of the price-listing agreement (PLA) model used within the public healthcare system in Canada is that the list prices are not the actual prices paid, which are a lot lower. There have been some changes to Canada's regulatory environment, proposed and implemented, but the opportunity for PLAs should be preserved because they bring benefit to the public healthcare system – which serves the ones in the greatest need.

As an industry, we are prepared to work with the federal and provincial governments on a longer-term solution, which would provide certainty for their budgets as well as our business operations, and ensure that Canadians have more rapid access to the innovative medicines and vaccines that they need. In addition to the PMPRB, which ensures non-excessive pricing in Canada versus other comparable countries, Canada has a robust assessment of value through the HTA bodies (health technology assessment) in addition to pan-Canadian Pharmaceutical Alliance's (pCPA) price negotiation process, that takes place prior to medicines being reimbursed in the public system.

Merck is clearly committed to Canada on a number of aspects. How have you managed to advocate for Canada at the HQ level?

That is a very important aspect of my role. Every pharma company has this competitive model where every country head puts together a country value proposition that determines the extent to which HQ will allocate resources for research, projects and product launches for the upcoming year(s). We in Canada have to compete with others in the global Merck network. This is a very important consideration for policy makers to understand.

A key disadvantage for Canada is time of adoption of new products due to the complexity and bureaucracy here, from the federal-provincial system, the various bodies involved in product approval, HTA, pricing and reimbursement, and the inability to reach one single agreement for product listing.

The good news is that we have a high concentration of world-class science, research and healthcare infrastructure as well as human capital, all underlining our ability to innovate in specific areas. The affiliate has delivered good results in the past few years, so overall we have been very successful at presenting a good scorecard for Canada.

On a more personal note, having steered the affiliate from a challenging moment through a successful transformation, how would you define your leadership style?

You need to remind people why we do what we do in the first place. When I first arrived three years ago, I asked myself – and my team – to stop thinking about our franchises only in terms of internal metrics like sales and market share, and to start thinking about them from the perspective of the Canadian patient. For instance, we could do so much more to change the trajectory of diabetes care – our largest franchise – in Canada. That created a different mindset.

This approach works very well in Canada because I have found that Canadians respond very well to this sense of purpose. I have personally been very fortunate to have had the opportunity to work in and learn from so many different countries. In France and the US, for instance, I find that you can move people without spending too much time on the 'Why' of what you are doing, but that is not the case here. For instance, it is a scandal that aboriginal communities in Canada have maternal mortality rates almost double that of other Canadians. Once you engage people along these lines and give them a purpose, you can move Canadians. I am a competitive person but I am learning to be a bit more patient in taking the time to explain – though of course I do not want to learn to be too patient when it comes to pushing for our innovations to reach the market! But there has to be a purpose in doing what we do.

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