

Interview: Nebojsa Skuljec - Country Lead Serbia and Balkans Emerging Markets, MSD



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Nebojsa Skuljec has held various positions in MSD Healthcare across the Balkans before his promotion to country lead for Serbia and Balkans emerging markets 14 months ago. In this interview Skuljec tells the story of MSD's journey from humble origins to one of the big pharma players in Serbia, growth drivers in a turbulent market and the importance of Corporate Social Responsibility (CSR) both personally and on a professional level, in an increasingly self-serving world.

Would you be able to take us through your journey from MSD's establishment in Serbia to being one of the country's top innovators?

I've been with MSD for ten years now, having started my MSD career as finance director. Prior, I received formal training in audit and finance at KPMG and Deloitte, enjoying placements across Europe and notably in London. My career change to the pharmaceutical industry was spurred on by several investors - who sought the acquisition of pharmaceutical companies across the region that I was supporting in my previous role as financial advisors (i.e. Phoenix group, Actavis) -, from whom I gained valuable insight. My role as finance director was varied and enriching and was not limited to purely financial tasks; I also took an interest in commercial directives, compliance and regulation, and pharmaceutical business development.

For the first ten years of MSD's activities in Serbia in 1997, operations here were rudimentary and pertained to the role of a representative office. There were only few employees, and we focused on the essential products. We lacked the necessary portfolio to get to grips with patients' needs. From 2006, MSD saw the benefit of investing in this market and consequently we expanded to more than 50 employees in two years. Sales doubled year on year from '06 to '09, reaching 20million Euro sales by 2010 – and it was an exciting time for me to join.

What was the state of MSD in Serbia at this time?

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With this rapid expansion, there were many internal processes to evaluate plus the necessity to ask how to best position the company from an external point of view. This external analysis became my objective: to ensure relationships with distributors were commercially viable and to navigate what was for many, a turbulent time for the Serbian market. Concerning image, we positioned our brand quickly and efficiently, although I appreciate that we have some way to go to achieve the reflecting of our global positioning in Serbia. We are ranked fifth among the innovators and ninth for in the total pharmaceutical market in Serbia; we will soon be positioned higher. You may ask why we are less potent in Serbia, and a lot of the reason lies in our late entry to the marketplace here (as most affiliate offices were established before MSD), and the problematic market mechanisms in place for innovative reimbursement in Serbia.

Be that as it may, we are celebrating 20 years of operations in Serbia – 125 years globally – and are proud of our contribution to Serbian healthcare. We have published a booklet highlighting our successes here and are keen to emphasize that although the domestic market is small, when compared to the Balkans it is a force to be reckoned with. Indeed, MSD intends to tap into its broad potential and to help patients through corporate social responsibility, promoting innovative medicine awareness and improving quality of care.

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What techniques did you employ to progress through the difficult period from 2011 to 2016, when as few as 22 innovative medicines were reimbursed in that timeframe?

As an innovative company, we must have innovative drugs being reimbursed – otherwise, we find ourselves having to rethink our strategy and develop new areas for research. Given our successes and rapid growth leading up to 2011, we knew that we were giving out the right message and making progress for ourselves in the Serbian market, however sometimes market obstacles –

whether it be regulatory issues or market forces – impede growth. As a member of MSD global, we must hit our KPIs, and our sales strategies must be sound, so we knew that we would have to focus hard on finding solutions. We had to downsize a little to compensate for the tumultuous period, and fortunately, have since sailed through to be stronger than before.

We have been rewarded for our efforts. In 2016, our relationships with healthcare authorities drastically improved, to such an extent that they now recognize patients' needs and openly discuss with pharmaceutical companies on our shared goals. We have been acknowledged for innovative projects and are expecting more awards for new and incoming products. The first prize we have received is for accelerating registration processes for life-saving medicines and is a result of substantial cross-collaboration work which was positioned high on the agenda.

During this process, we discovered two essential practices in combatting potential difficulties in the Serbian market: business to business communication and system awareness. Sometimes the two pull against each other and lead pharma companies to fall into the trap where, due to the unpredictable nature of the market, innovative drugs are not reimbursed. Overall, however, we understand these two arms of operations and have improved our business planning to combat government processes and budgeting, to ensure that we continue to deliver innovation.

What is the current state of Serbia's approach to generics and innovative drugs?

We are aware that Serbia's healthcare spending per capita is the lowest in the region, despite the fact that Serbia benefits from a relatively large healthcare budget, and the ratio between innovative and generic products is less favorable to MSD.

We at MSD believe that the government may consider recognizing the need to invest more in innovative medicines. For every product that we submit for reimbursement, there are strict rules to follow and the process is time-consuming. Despite this, there is clear evidence that the innovative medicine will benefit all parties; for example, the patient will live longer and enjoy a better quality of life, the government sees less long-term expense and the budget for pharma medicines is well distributed. There have, of course, been some improvements, for example in the reimbursement of 23 drugs last year – a phenomenal success – nonetheless, we have 200 products in our pipeline awaiting consideration. We hope the floodgates will open shortly, and we look forward to seeing the government's next steps in this matter. In the meantime, we will endeavor to anticipate the state's movements to improve our reactivity to regulatory decisions.

What is driving growth here in Serbia?

Similar to MSD globally, our growth is primarily driven by oncology, immunology, acute hospital care and infectious diseases. We have excellent expectations from immuno-onco therapy, vaccines and HCV and intend to build on their preliminary success.

We have been caught up in the anti-vaccine feeling in Serbia recently, but fortunately, the government has taken an active stance to underline that it is a cornerstone of healthcare prevention. I think vaccination opposition is a short-term trend because historically Serbia is a country that enjoys high rates of vaccination and indeed, Serbians are aware that we have eradicated harmful diseases in the past. MSD has done a lot to contribute to vaccinations in Serbia, whether it be through education, sharing best practices or connecting stakeholders with market influencers, however, we are not at the level similar to MSD globally. The situation is improving, but we would like to do more; for investment into innovative medicines and vaccination treatments. I am realistic in these aims, but we need to go through, step-by-step, to investigate these goals. EU entry will be beneficial to Serbia, of course. We are already improving transparency across the pharmaceutical industry, but admission will provide new and better processes.

MSD is an active player in Corporate Social Responsibility engaging with patients and communities across Serbia. How do CSR and MSD ethics impact your work in Serbia?

Personally, I feel CSR is of huge importance to any company, whether pharmaceutical or otherwise. For me, as was the case for George Merck over 60 years ago, 'It is not about the profits, it is about the patients. If we have remembered that, the profits will follow.' I profoundly believe in this philosophy and try to replicate it in the workplace.

From an internal perspective, any business that is profitable is a good business because if you make money, that is a good thing. However, there is something special to be found outside of profits and revenues, improving patients' lives.

At MSD, we offer a variety of volunteering opportunities to give back to the community: for social care, awareness and indeed disease prevention. In Serbia, we administer aid to children with special needs, have tree planting projects at orphanages, and we do regular sponsored sports challenges such as our recent half marathon fundraiser. We do not carry out these activities for marketing motivations; this is for the community and we the employees at the office who feel the positive impact of these pursuits on a daily basis. Giving back feels good and creates a different level of engagement from our staff that works together in MSD.

What would your advice be to an external CEO or General Manager considering a position here in Serbia?

Firstly, two vital things to remember: there are immense opportunities for growth in this market and [the entry of an external general manager] to the market would be most welcome. I believe that the inbound pharma manager should be aware of the healthy business community we have in place here: a supportive network that nurtures a tight-knit business culture. INOVIA and AmCham amongst others exemplify the sound nature of activities here and connect business people domestically and from abroad. On top of this, we have a government that is open to general advice on best practices and healthcare initiatives from across the globe, also is often keen to implement ideas and processes picked up from more-developed countries abroad.

Where would you like to lead MSD Serbia over the next five years?

The end goal is to make all of our products available to all the patients that need them. Bearing in mind our current portfolio, we are already on the way, and we take great pride in our achievements. Indeed, I would avoid, where possible, measuring our success in Euros or percentage market share, but instead, focus on lives saved and improved.

We need to be persistent, positive and engage with our belief that this is a manageable aspiration. Sometimes you wake up, and you hear of the leaps forward in medicinal progress in countries like France, Germany or Slovenia and you feel a certain desperation about not being able to follow the same pace. I overcome this by reminding my team – and myself – to be patient; these successes will come and we will be proud in the same way that other more developed countries are proud.

Ultimately, we all have friends or relatives who need the medicines that we manage in our portfolio at MSD and seeing this benefit first-hand and knowing that we will continue to provide high-quality healthcare services in the future is a powerful source of motivation.

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