

# GSK Mexico â?? JosÃ© Alberto PeÃ±a GonzÃ¡lez, VP & General Manager

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*Mexico is one of GSKâ??s growth engines in Latin America. The VP and general manager for Mexico discusses how the country is increasingly playing a strategic role for the company to get new healthcare products faster to the market by leveraging local R&D.*

**Besides Asia Pacific and Japan, Latin America is one of the regions where GSK sees the highest potential for growth for the coming years. What role does today Mexico play in the region?**

Mexico is a very dynamic but also challenging market: from my 25-year experience in the pharmaceutical industry, I can definitely affirm it is one of the most complex markets in the world, evolving but static at the same time. Mexico is the second largest market in Latin America for GSK and I am proud to say that over the last two years we have been one of the growth engines that contributed most in the region â?? and we hope we will continue to be. We have taken advantage of some of the recently introduced flexibility in the regulatory environment to be first-launch country in the world, which has helped position Mexico in a different perspective to the way it was in the past.

This means a number of opportunities to come, but also challenges, as we need to evolve to make sure we can work correctly with the institutions and the government to find solutions to healthcare issues. Over the past couple of years GSK Mexico has been rolling out organizational changes to ensure we have the right organization, people and competencies to adapt to the requirements of the market. On the other hand, the company has been trying to shape the external environment to ensure healthcare evolves taking into consideration innovation â?? we are an R&D company, in the end.

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The market is in a good shape to make sure innovation is once again in the spotlight and patients can have access to innovative drugs. Innovation experienced a slow down in the past, but we are back on the right track — from an industry perspective as well as from GSK's point of view. Now we need to make sure this innovation gets to patients.

**Rumor has it that the next big reform on the government agenda is healthcare. What recommendation would you give to the government with regard to the upcoming reform?**

I think that any reform, if correctly positioned and with positive objectives behind it, meaning to improve the quality of healthcare services and ensure access, can only be a positive thing. It will be very important that besides ensuring universal healthcare coverage, the reform balances expense control — always a priority — with access to new treatment options. And it is important that the government keeps an open dialogue with the industry to ensure the objectives are met, as we are all working for the same objective: patients health.

**Despite the acclaimed work by COFEPRIS (Federal Commission for the Protection against Sanitary Risk), getting innovative drugs listed at public institutions still takes up more than four years. Taking in consideration you are an innovation-driven company, what has GSK done to improve this?**

Ensuring that new products get to end consumers is one of the biggest challenges that we are facing as an industry at the moment. Mexico only spends 6.9 percent of GDP on health, which is slightly more than what it used to be a couple of years ago, but we are still significantly below the OECD average of 9.5 percent. The reality is that 95 percent of sales of highly specialized medicines comes from public funding — and this won't change. At GSK we need to understand the complexities our patients are facing and that healthcare budget is limited.

From an industry perspective we have been trying to understand the difficulties the government is facing and opening a dialogue to find mechanisms to fix pricing to work together and make drug access possible. Said that, there must be flexibility from both sides. It is important to create the dialogue and make it happen — something easy to say, but not that easy to do.

**What benefits did consolidation of procurement bring to the healthcare system in Mexico?**

Consolidating procurement is positive for many reasons. First, it helps creating efficiency, both for the industry and for the government. Second, it increases transparency. Today, only the major public healthcare institutions and some states participate in it, but there would be strong benefits if ultimately the complete procurement would be done centrally. This could help free up funds to make sure innovation can be brought in. It's definitely a move in the right direction, but we need clear guidelines about how the procurement works, how to increase access to innovation and keep reasonable pricing.

**Big pharmacy chains are changing the distribution landscape with the presence of physicians at the POS (points of sale). Taking in consideration that 70 percent of your sales come from the private sector, how did you change your go-to-market strategy to adapt to this trend?**

There are good things and bad things about this new model. Providing alternative access options to healthcare for patients is an advantage, but we need to make sure quality is not sacrificed, particularly because we are dealing with healthcare. We also need to ensure that the model does not cause conflicts of interests. Today, I do not know if we can truly say it is not the case.

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Today, probably 75 percent of drug sales goes through pharmacy chains. On the one hand it offers convenience, on the other it reduces competition at cost of independent pharmacies – not necessarily a positive aspect. It is going to be very interesting to see Alliance Boots coming in with the recent acquisition of the pharmacy chain Farmacias Benavides: we will see a multinational group leveraging their global know-how in a market which is completely run by local companies – this will probably change the dynamics of distribution, benefiting competition.

### **Which of your therapeutic areas are growing most in Mexico and why?**

Respiratory is without doubt one of our core areas, in Mexico as well as globally. We have recently launched a new product for asthma and COPD in the market and have a pipeline of products coming out soon. Vaccines is also a growth area: compared to 2012 we have significantly grown in this area, mainly thanks to our HPV (human papillomavirus) vaccine, which in the past two years has been the sole vaccine used by all government institutions. This has helped us gain a strong position in this area and it will continue to be a growth engine also for the future. A further area that has been of strategic importance since 2010 with the acquisition of Stiefel and a local Mexican company is dermatology, which will be a strong growth driver in 2015. Furthermore historically GSK has been a leader in HIV treatments, this will be complimented by the new launches we will have in the near future of innovative treatments that bring significant benefits to patients.

### **In October this year COFEPRIS will officially receive the recognition from the WHO as a Functional Regulatory Agency for vaccines for the 2014-2017 period. What does this recognition mean for Mexico and for GSK?**

Taking in consideration only a limited number of countries worldwide have this recognition, it's definitely something Mexico can be proud of. The country has done a great job on vaccines over the past 20 years and this recognition will allow the market to attract more local manufacturing to strengthen internal consumption but also position Mexico as an exporting country.

Today GSK holds approx. 30 percent of market share in the category, but all our vaccines are imported. Due to the high specialization and costs implied in production, most vaccines producers tend to create manufacturing hubs.

### **We saw that you shut down a manufacturing plant in the country in 2013. What was the rationale behind this decision?**

After the acquisition of Stiefel in 2010 and of a local dermatology company, which both relied on manufacturing capacities in the country, last year we decided to optimize and consolidate operations to ensure facilities are used in the best way. As a result, today in Mexico we rely on three manufacturing sites, meaning we are very well represented.

### **GSK has been investing approx. USD 10 million in R&D in Mexico over the past few years. What is the strategic importance of the country from an R&D perspective for the company?**

GSK has good reasons to invest in R&D in Mexico: well-trained human capital, good volume of patients and cost competitiveness. If you look at how many publications of clinical trials are from Mexico or include patients from Mexico, it is pretty impressive! Whereas in the past we looked at Mexico rather from a tactical perspective, today we do it strategically. With all the regulatory changes the country has undergone, we are currently looking at Mexico to see how we can use the R&D capacities here to get regulatory approvals for products and get products faster to the market – it's a very different perspective. We have had an example in the past months: we used local data from clinical trials in Mexico to get the approval for Relvare, a product that is a key asset for GSK globally. In addition, Mexico was the first country in the world to receive the approval for asthma and

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COPD. These are definitely good reasons to bring more R&D to Mexico.

**Where do you want to see GSK in five years from now?**

I see GSK in a position where we we can still consolidate our worldwide leadership in benefit of the patients. For that, we are working to see GSK as being perceived by our customers as a true company that is interested to give access to medication to the largest possible number of patients while at the same time we insure we are providing the necessary financial results to our shareholders – it's all about finding the balance. A key aspect to fulfill this objective is having an open dialogue between industry and government: they need to see pharmaceutical companies as trusting partners interested in finding common solutions to the problems we are both facing. That's one of the key areas our CEO Andrew Witty has been working on since he took over in 2008.

**You are of Spanish origins, grew up in the UK and have lived in Mexico, the US as well as in Asia. What are the three most important learning points from these experiences that help you as a VP and General Manager?**

I started moving around the world when I was 19 years old. Having had the opportunity to grow up, live and work in different parts of the world forces you to be flexible and mature quickly. It makes you evaluate challenges and opportunities in different ways. Also, it helps you look at the business from different angles and better understand colleagues around the world. Last but not least, every market is different: relying on experiences from different countries helps you anticipate future challenges and changes.

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