

Interview: Gauta Phillip Mavundla – General Manager, Established Pharmaceuticals Division, Abbott Laboratories S.A. (Pty) Ltd, South Africa



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The General Manager of Abbott's Established Pharmaceuticals Division in South Africa, Gauta Phillip Mavundla illustrates how he is building the division's presence within the region after the spinoff of AbbVie, while also highlighting branded generics as a key growth driver and how the company plans on expanding its capabilities in this space. In addition, he stresses the crucial role that public-private partnerships such as the Public Health Enhancement Fund (PHEF) play in improving the nation's healthcare delivery models.

To begin Gauta, can you please share the objectives that you set for yourself when initially assuming the position of General Manager, and describe how far the affiliate has progressed now under your leadership?

After joining the affiliate in January 2012, my objectives essentially focused on developing and growing Abbott's Established Pharmaceuticals Division (EPD). After the split with AbbVie, there

were many vacancies that needed to be filled. As such, part of my initial tasks dealt with putting together a new team spanning across various functions including personnel within sales and marketing, market access, regulatory, and medical—this has now been achieved. The second objective involved revitalizing many of our existing portfolio products with promising equity that had fallen off consumer radars and effectively charting more positive growth trajectories across the board. The third objective was to extend our 75-year-old legacy in South Africa into the rest of the continent and launch the Abbott Established Pharmaceuticals business across all other English-speaking African countries, with the exception of Egypt inclusive of Angola, Mozambique and Mauritius. This involved establishing strong partnerships in these countries and growing that base to strengthen Abbott's footprint. I looked after that part of the business until July 2014, and as a result of some structural alignments, I am now solely focused on growing the South African business and further capitalizing on opportunities present in this market. This focus would also include expanding the EPD business in Swaziland & Lesotho regions.

Considering the company's renewed focus on capitalizing on high growth markets, how does South Africa fit into the company's long-term strategies?

The global EPD model has in fact adapted its focus to include high growth countries—especially emerging markets. South Africa is indeed now one of the key countries within Abbott's emerging market portfolio—especially given the organization's longstanding history and stability within the country. From a Pan-African point of view, the South African office is the only fully commercialized affiliate with a head office and sales representatives—further validating Abbott's steadfast interest and commitment in the country.

Over the last decade alone, we've seen the country's demographic composition, disease burden, and economic status shift dramatically. How have these dynamics affected the way multinationals approach and effectively conduct business in South Africa?

Our disease burden is somewhat different from that of the developed world. From Abbott's point of view, our continued success is a direct result of tailoring our solutions around the countries and communities within which we operate—thinking internationally, but acting more locally. This mindset has had a huge influence on the portfolio of products that we develop or acquire, and also determines our key focus areas. Within South Africa, we have a two-tiered healthcare system with patients either getting treated in the private sector or the public sector—the majority of the population. These dynamics have materially shaped the way we structure our commercial strategies as well as their execution. Ultimately, adapting to suit the needs of the local market is critical for continued success in every country where we operate.

What type of challenges has South Africa's dual-model, public and private healthcare system created for multinationals, such as Abbott, operating in this country?

The products that are most widely used in the state sector are not necessarily the same products that exhibit the most trade activity in private. This specific aspect has to be taken into consideration when looking at what products to commercialize in this country. Considering that most multinational companies source products from European hubs, it places an extra burden when catering to small market segments in terms of meeting minimum order quantities. But this does not determine which sector, public or private; we participate in because we are committed to the country's overall welfare. Passion drives our actions in introducing healthcare solutions to all South African citizens. At the end of the day, despite the challenges, the patient is central to our thoughts and decisions that we take as an organization.

How is the portfolio currently weighted between the two sectors?

As with most pharmaceutical companies, the bulk of our revenues are generated from the private sector, with the majority of volumes derived from public sector business. It is indeed my vision and in the current plans to expand the product & service offerings available for both State and Private Sectors in the country.

Which brands have exhibited the most promising demand prospects?

Our flu vaccine has demonstrated phenomenal growth. Influenza poses a much bigger threat to communities than people often realize. The cumulative number of sick days that workers tend to take during the flu season has quite a detrimental impact on the economy—and that's only at the workforce level. Children, students, the elderly and those with compromised immune systems are the most vulnerable, and as such, also need to be protected from the detrimental impact of Influenza.

We have observed increased demand across different therapeutic areas including gastro-entorology and cardiovascular treatment areas.

Given the widespread prominence of generics in improving healthcare access, and even more so as NHI rolls out further, how will Abbott maintain a competitive edge over the rising competition from both MNCs and strong local players?

Originally, when Abbott first entered pharmaceuticals, the company primarily operated in the originator space. However our model has since transformed, especially with separation of AbbVie, to increase patient access to medicinal treatments. We now have an extensive line of branded generics, across different therapeutic areas which will ensure that we remain competitive while maintaining broader access to high quality healthcare. As such, we expect to magnify our capabilities even further in the branded generics segment moving forward.

What were the principal motivations behind Abbott's involvement with the Public Health Enhancement Fund (PHEF)?

Going into the future, the nature of collaboration has to improve between public and private healthcare stakeholders. In the past, although operating in the same space, the two sectors functioned somewhat independent of each other. We're now seeing the widespread growth of various public private partnerships—the PHEF being one of them. The objectives focus on establishing common ground between the government and the business community, while addressing areas that are critical to the sustainability of our healthcare system—which we are all an integral part of. We are effectively moving towards a direction with more cohesive and seamless collaboration between the two sectors in our market.

What type of impact has this initiative had on the community so far?

We've experienced increasing enrollment rates for post-graduate and medical students every time we hold a meeting to share the results on the program. The PHEF is anchored in facilitating a more sustainable pipeline of medical professionals and researchers. At the moment, every single company represented within the PHEF has an obligation to be actively engaged and to lobby for more participation to ensure that we maintain this momentum. We now have tangible results to demonstrate the proof of concept and a solid platform to move forward from. Starting from a grassroots level, we have every intention to broaden the scope and scale of the PHEF in the coming years to effectively pierce through the underlying issues of our healthcare system.

Having worked extensively on behalf of multinational companies that appeal directly to the private healthcare sector, how would you evaluate the roles of multinationals in addressing

the disparity between public and private healthcare?

We would be misguided as a multinationals to view this as a “checkbox exercise.” Public-private partnerships, such as the PHEF, are designed to strengthen the sustainability of the broader healthcare framework. From that point of a view, it’s never about requirements or obligations, but about preserving the environment that we operate in as industry stakeholders. Healthcare needs will outlive us all, so it can only serve in our best interests to sustain the livelihood of both healthcare sectors and ensure that all healthcare needs of South Africans are met adequately.

Considering my family and I directly experience the implications, I would like to see more continued efforts from public and private stakeholders alike in improving healthcare quality and access. I’m fully aware of what it means when the government seeks assistance in alleviating the overburdened system. I don’t need motivation from anywhere else to truly internalize the issues that we are trying to address and believe in what we are trying to achieve. Our country as a whole is evolving. We have lots of challenges pervasive across the country—which everyone is well aware of. But I can safely say that when I first started in pharmaceuticals to where we are today, there have been a multitude of positive changes that lead me to firmly believe there is still plenty of hope.

As the General Manager of Established Pharmaceuticals Division, where would you like to have positioned Abbott in the next three to five years?

As Abbott, the fundamental objective is to continue facilitating more access of drugs and providing healthcare solutions to a wider patient base. We are an active stakeholder in the South African environment, and for me personally, I want the organization to have a voice and positive contribution in shaping the dynamics that we operate in and determining what the healthcare landscape will look like—whether that be in the form of influencing solutions, industry discussions, or dialogues on policy development that is aimed at enhancing the welfare of our people, our communities and protecting our environment, while encouraging favorable conditions for continued business operations.

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