

# Morten Vaupel – Vice President & General Manager, Novo Nordisk Mexico

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*In Mexico, more than 13 million people live with diabetes, while 71 percent of the total population have obesity or are overweight. Morten Vaupel, vice-president and general manager of Novo Nordisk Mexico, details how the Danish company is committed to change and improve diabetes care in partnership with Mexico's public stakeholders, while also currently expanding its life-changing contribution to the obesity segment.*

**In September 2015, Novo Nordisk's CEO Lars Rebien Sørensen explained that Mexico was the most important emerging market in Latin America for the company, seeking to further expand its footprint in the country. As general manager, what has been your strategic approach to grow the affiliate over the last four years?**

Our approach to develop the Mexican affiliate revolves around three main axes: diabetes, biopharmaceuticals, which includes haemophilia and growth hormone disorders, and obesity. When I took over in 2012, the biopharmaceutical business unit was already well established in Mexico and amounted to a large share of our revenues, despite the fact that we hadn't introduced new treatments in a few years. To complement the robust growth of this sub-sector, we decided to strengthen our position in the diabetes segment, especially in the private retail sector, in which Novo Nordisk Mexico was relatively weak at the time.

Novo Nordisk undoubtedly stands as an innovation-driven company that can rely on an outstanding product pipeline: over the past years, we have been launching a new product every year and we expect to maintain such a pace over the upcoming years. In Mexico, the private sector has been the main driver of the overall market growth over the past years, while the growth of the institutional

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sector has been dropping off as a direct consequence of various government budget cuts. In the meantime, we see that Mexico is back to strong economic growth, which further accelerates the development of the country's middle class. Given this context, a growing share of the Mexican population is no longer willing to settle for the treatments available through the public sector and can now afford the most innovative treatments available in the private sector.

As part of our ambition to meet this growing demand for innovative products, Mexican patients were among the first patients in the world to access Tresiba® in 2013, a treatment that proudly stands out as the most innovative insulin available in the diabetes market. In 2014, Mexico was also the first market in the world to receive Ryzodeg®, a co-formulation of Tresiba® and NovoRapid®, our rapid action insulin. This focus on the private sector clearly paid off and allowed us to tremendously increase our market share in the diabetes market, while displaying an annual double-digit growth rate over the last four years. Year after year, we have been improving our ranking in the diabetes segment, as we moved from the ninth position in 2012 to the third position in 2016. Looking at the overall Mexican pharmaceutical market, we are now in the top 14 in terms of total market share.

### **Considering these impressive developments, what is your growth objective for the upcoming years?**

Considering this promising trajectory, I believe that Novo Nordisk will soon reach market leader position in the Mexican diabetes market. Looking at our growth objective, we want to at least maintain a similar growth rate as the one we proudly managed to achieve over the past years. On the other hand, we only set up the Mexican affiliate in 2002, while Novo Nordisk has been active in other international markets for many decades. As summarized by Lars Reben Sørensen, our outgoing CEO, the Mexican affiliate is still young, but it also holds very interesting growth opportunities. We managed to double the size of the affiliate over the past four years, and we would like to replicate such a performance over the next four years.

Nevertheless, sales from international markets are always influenced by fluctuations of currency exchange rates; our group's results are calculated in Danish crowns. Although we hold the ambition to display a growth rate comprised between 15 and 20 percent in local currency, the ongoing devaluation of the Mexican peso would consume a partial share of this growth.

### **Mexico's pharmaceutical market is sometimes considered as an intermediary market, still lagging behind the most mature markets in the world but not being a standard emerging market either. In the meantime, one of Novo Nordisk's most innovative products ever, Ryzodeg®, was first launched in Mexico. What is Novo Nordisk's perception of Mexico's diabetes market?**

When it comes to treating diabetes in Mexico in particular, you have to take the bigger picture into account. Diabetes affects more than 14 percent of the total adult population, and this number continues to rise year after year. This means two things: first, the patient population is still growing and while this percentage already represents more than 13 million people in Mexico, half of them are still undiagnosed. Second, the prevalence of the disease is still developing, despite government efforts to tackle it. In Mexico, diabetes is a critical and crucial issue, which has a huge impact on its population, but also on the country's economy as a whole. The lack of treatment options, the weak treatment adherence rates, and the millions of patients that remain undiagnosed generate a monstrous cost for the country and it increasingly hinders its productivity.

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Mexico is indeed a very important country for Novo Nordisk, and our ambition is to reach a leadership position in this market. As a company, we are extremely focused on diabetes: 80 percent of our global sales come from this therapeutic area. The global focus on diabetes has been extremely rewarding: Novo Nordisk is now the sixth most valuable pharmaceutical company by market capitalization in the world, despite our total sales and overall size being substantially smaller than those of big pharmaceutical companies. In the meantime, our focus on diabetes puts us in a special position, as we are ready to embrace a wider and larger responsibility towards our Mexican patients than most other pharmaceutical companies involved in diabetes care.

We don't strive to supply the Mexican government with most high-end and most expensive treatments, which would only become a financial burden for the public health system. We want to be part of a solution to cure and prevent type 2 diabetes, and notably to prevent costly and irreversible diabetes-related complications such as cardiovascular disease, kidney failure, blindness and limb amputations. Our mission is clear: we operate as a partner of the Mexican government to provide Mexican physicians and patients with treatments that will truly meet their needs and allow to better control the disease development.

In the meantime, if the Mexican government better understands diabetes and its root causes, it would be able to implement much-needed changes across the public health system and Mexican society as a whole. As Novo Nordisk, we believe that we have a responsibility in helping public stakeholders to fully understand the different dimensions of diabetes and the overall impact it has on the country.

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**In this vein, *Cities Changing Diabetes* is a partnership program founded by Novo Nordisk, University College London and the Steno Diabetes Center, which seeks to identify and address the root causes of type-2 diabetes in cities. Mexico City was among the first five cities involved in this international study. Can you outline some of the findings specific to the Mexican metropolis?**

In 2014, Novo Nordisk launched the cross-disciplinary and cross-sector partnership program "Cities Changing Diabetes". The program is currently running in Mexico City, Copenhagen, Houston, Tianjin and Shanghai, representing more than 60 million inhabitants. First of all, it is important to understand why the study is focused on cities. In 2016, 65 percent of diabetic patients live in urban areas. Furthermore, the prevalence rate in a city like Mexico City is around 14 percent, while in Mexican rural areas it is eight percent maximum.

By adopting both a quantitative and qualitative approach, we are now able to identify some distinctive local features of the disease. In Mexico, the prevalence rate is higher for women than for men for example, which is the exact opposite of findings in other cities involved in this research program. Beside the elements that are relevant for both genders, such as obesity and the lack of physical activity, gender roles in Mexico seem to directly influence the vulnerability to diabetes, as women tend to neglect their own health to avoid being seen as burdensome. These are the kind of findings that can now help policy makers, such as Dr Armando Ahued Ortega, Secretary of Health of Mexico City, to implement concrete, better, and life-changing measures to tackle the disease.

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Fortunately, there is a strong consensus among public and private partners about the necessity to involve all stakeholders from the entire value chain to find game-changing solutions. Neither the public nor private sector holds the power to address the disease that threatening the lives of 13 million Mexicans alone.

**We understand at least three out of four people with type 2 diabetes are overweight. Furthermore, Mexico displays the world's highest rate of child obesity and the second highest rate of adult obesity, with 71 percent of the total Mexican population being overweight or obese. Saxenda<sup>®</sup>, Novo Nordisk's new anti-obesity treatment, was launched in 2016. How does this product complement Novo Nordisk's existing portfolio and how will it strengthen its patient-centric approach?**

The status quo of obesity in Mexico is unfortunately absolutely dramatic. With 48.6 million people who are obese or overweight, the problem goes beyond individual healthcare and truly represents a real burden for the entire country. According to the Mexican Institute of Competitiveness, the cost of obesity in terms of medical attention represents between 82 billion [USD 4.4 billion] and 98 billion Mexican pesos [USD 5.4 billion] in 2016. Furthermore, the total financial burden of obesity – comprising the medical, social and economic impact – is set to grow 200 percent from 67 billion pesos [USD 3.6 billion] in 2008 to 202 billion pesos [USD 10.8 billion] in 2017.

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With Saxenda<sup>®</sup>, we essentially target morbid obesity while adopting a chronic disease approach. However, to fully unlock this treatment's efficacy, patients have to acknowledge the dramatic threat posed by this disease and be motivated and committed to change their conditions. This includes both adopting a healthier life style as well as strictly complying with the treatment requirements. Saxenda's<sup>®</sup> outcomes are particularly interesting: nine out of ten patients treated have lost weight, while a third of them lost between five and ten percent of their total body weight. This treatment stands as Novo Nordisk's first step in the obesity market. With eight new molecules currently under development, we will certainly increase our commitment towards these patients in the upcoming years. While patients can currently hope to lose between five and ten percent of their body weight, we could soon be able to help them reach a 15 or 20-percent weight loss.

**Novo Nordisk has continuously strengthened its recognition as the diabetes expert over the past decades. What challenges do you identify entering the obesity market in Mexico?**

There is a wide consensus about the importance to tackle growing obesity rates in Mexico. However, we still see some stakeholders that are reluctant to consider obesity a "real" disease and most importantly as a chronic disease. While losing weight seems relatively easy for healthy people, the situation is radically different for patients with a body mass index above 35. Some of these patients have already tried all treatments available, and perfectly understand they will ultimately die fifteen or twenty years earlier if they are not able to change their condition as soon as possible.

Entering this market means we have to find our own way in this new sub-sector, which is very different compared to diabetes. There are a lot of outdated treatments currently available to Mexican patients, and most of these treatments don't meet the needs or expectations anymore and often

display important side effects. That is why we are very proud that Saxenda<sup>®</sup> is the first new obesity treatment that has been approved in Mexico in over ten years.

**Considering the importance of diabetes and obesity in the country, do you feel there is a specific emphasis from Cofepris and the social security institutes on ramping up patient access to innovative treatments?**

In 2012, Dr. Mercedes Juan-López, Mexico's former Secretary of Health, released the Mexican Strategy for the Prevention and Control of Overweight, Obesity and Diabetes. This new action plan really underscored the crucial importance of these diseases in the overarching objective to ultimately improve Mexico's health outcomes. Naturally, this government emphasis also positively impacted the different regulatory and social security's approaches to these diseases and their related treatments. In Mexico, Novo Nordisk holds a very sound relationship with COFEPRIS, and the agency can be praised for having been extremely proactive. COFEPRIS particularly appreciated that Ryzodeg<sup>®</sup> was first launched in Mexico – even before the United States.

Nevertheless, while Novo Nordisk's focus on the private market aims at providing cutting-edge treatments to Mexican patients who can afford them, I hope to see more new, innovative treatments being accessible through the public sector as well. In Mexico, we stand as the largest supplier of insulin to the government, primarily human insulin, which was the very first diabetes innovation brought to the market more than thirty years ago.

In this regard, it would be extremely beneficial to the country if more Mexican patients could access new, more innovative and safer diabetes treatments, which can now provide people with a better quality of life, help them to more easily control their condition and prevent diabetes-related complications. Considering the prevalence of this disease in the country, it is of utmost importance that Mexico remains at the forefront of the fight against diabetes – and Novo Nordisk will endlessly strive to increase and improve its contribution to this fundamental endeavor in the upcoming years.

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