

# Interview with Maria Fernanda Escobar, Senior Manager, IMS Health Colombia

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## **What attracted you to IMS Health?**

I was most attracted by the fact that IMS is able to actually change healthcare systems. I think IMS is a very important player throughout the world in terms of not only providing information to different players within the healthcare system but also trying to shape how healthcare systems work. Additionally, the type of work IMS does is very varied. The company works with multinationals but also local private companies, government, and distribution channels. IMS has a 360 degree view as to what is happening across the world in healthcare.

## **How would you rate the government in regard to creating an attractive business environment?**

The government has learned quite a lot in the last few years. They are in a very difficult position in terms of increasing access to healthcare but at the same time reducing costs. They are trying to find a balance between having a sustainable healthcare system and improving investment in this sector. Overall, I think they have done well in recent years. That being said, the government still needs to put a lot of legislation and regulations in place that have been part of their discussion for a long time.

## **What have been the major trends that you have seen in the Colombian market in the last couple years?**

You can divide trends between the institutional and retail market. There has been substantial improvement in healthcare access in the institutional market and a willingness to provide real access and services to the whole population. Much of this is related to the government in terms of having an expanded POS list, establishing a new institute of technology assessment, regulating and controlling the EPS function across the country, and improving services and quality in hospitals. In the retail market, there has been an increase in confidence in generics. This is mainly due to the investment of big local companies that have marketed such products very well. Generic companies are very similar to brand companies in that the average consumer is familiar with such businesses and the quality of their products. There has therefore been a trend to go from branded products to generics with total confidence that they will work. Colombia still does not have a penetration of generics as high as other countries in Latin America but it is constantly growing. The second trend is the increase in the purchasing power of the population, which has helped the average consumption to increase. The consumption of OTC products has increased to become more than a third of the retail market, with double digit growth rates in many categories. This market is growing rapidly, and it is related to an overall improvement in the economy and the investment that companies are making to increase awareness of these products.

## **Why do you think that the penetration of generics is less in Colombia than it is in other Latin American countries?**

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Other countries have governments with more drastic measures to incentivize generic consumption, whereas Colombia does not have that kind of legislation yet. . Compared to Venezuela, however, Colombia has a higher penetration, and overall the country is in the middle of the road for generics. Additionally, national branded products with a price between the original brand and the generics have gained market share.

### **What are the fastest growing therapeutic areas in Colombia?**

There is definitely an increase in high-cost therapies, which is a specialized market. This is due to the increase in healthcare access and awareness of patients about their rights. As physicians gain experience in the use of biologics or specialized therapies, they increase their prescription of these type of medicines. Chronic therapies, such as Diabetes have also been growing rapidly. In Colombia there is no data about the institutional market, so much of this is speculation. It is simply the perception that the market and the EPSs have.

In the retail market, the analgesics, anti-acids and the OTC categories have contributed the most to the growth of the market.

### **Will this lack of institutional market data change?**

IMS has been working on this for at least five years, and at least two and a half years formally. We have a department in IMS for the institutional market, and this department has gained a lot of experience in this segment while working towards building a report. This is IMS's biggest challenge. In order to counter the lack of data, IMS has built a strong consulting group. Normally with the consulting approach we try to use several sources of information to understand market sizes, growth, etc. in the institutional market.

### **Nilton Paletta told us that IMS has embarked on a strategic expansion of its activities and is looking to become not just a data provider but also a specialized consultancy for pharmaceutical companies. Is this true in Colombia as well?**

Yes; we are in an earlier phase than in Brazil or Mexico, but that is definitely the Colombian affiliate's strategy. IMS is trying to transition from a data company to a consulting company. This is very true in the Colombian market where there is not much data; and it is a very complex but also very attractive market. The Colombian market is garnering attention for multinational companies that need a partner to position themselves in Colombia. Our consulting team has experience in IMS consulting in Mexico and in London, assuring that we offer the most value to clients.

### **What competitive advantages set IMS apart from similar consultancy services?**

IMS is an expert in the market. When a company hires us, they do not have to spend a month teaching us about the market. You can start from day one working on what they have hired us for. I also think that local experience is very important, and IMS is in more than a 100 countries. We are the company with the best data available in the pharmaceutical market.

Normally, if a multinational company hires us and they want to evaluate different markets, we have different people who are experts in those markets that we bring into a project. It makes processes much easier because the company does not have to learn about the market or travel across the world from country to country because of IMS local presence.

### **What is the strategic importance of Colombia in your portfolio and for the group's regional activities?**

Historically, Colombia has not always been an attractive market. This is because of the country's history and the fact that we do not have data in the institutional market. IMS is a very important actor in terms of demonstrating the attractiveness of the market. I think we have failed slightly to show how striking the Colombian market was because we have only been showing half of the image. As I mentioned, in more recent years IMS has concentrated in looking at the institutional market, where both the public and private sector are investing. Colombia has become one of the priorities in terms of growing markets. Big companies are either trying to invest in Brazil or Mexico, and then tier-2 countries like Colombia, Argentina or Chile. In that sense, Colombia is a priority for mid-sized or regional companies. Colombia is an atomized, mid-sized country. There is plenty of room for opportunities. Globally speaking, Latin America is an important focus, and Colombia is of course in the top five for investment.

**You mentioned that Colombia provides opportunities for mid-sized organizations. What would be an example of a real opportunity that Colombia offers that might not be available elsewhere?**

One of them is the distribution channel. Because this channel is so atomized, the dynamics are very different. It is difficult for new companies to enter the market in other countries because they have a bad position in terms of negotiation. They have to accommodate to whatever the distributor dictates. In Colombia there is still room for negotiation, and it is a win-win situation for both the distributor and the company. Middle size companies come here and do negotiate well with one or two big distributors. From there, business ascends very quickly because demand for their products increases and this facilitates negotiations with other distributors. If a distributor owns the market, they mandate all kinds of rules for payment terms, discounts and requirements to be in their pharmacies.

Additionally, Colombia's consumption culture is also changing dramatically. Now patients and consumers are starting to use a lot of products that they had not used previously due to an improved purchasing power and education. I also think that Colombia's population size is very attractive. While we do not have a huge market, Colombia has one of the largest populations in Latin America. Therefore there is a very good market to explore. If you have a good strategy, you have room to increase market share.

**How much is the importance of local companies in IMS Colombia?**

They have become very important business partners. In the last few years we have tried to become more flexible in terms of how we do business with them. Now, from our top ten clients there are several local companies for whom we do a great deal of consulting because they are either trying to sell or buy and expand across Latin America. For instance, IMS helps them understand the value of different markets in Central America because this is a region in which they wish to grow. We are also trying to understand strategies that can be applied to other countries. IMS also helps local companies organize their sales force size in Colombia to be more productive. Our business is starting to grow with them, and they are increasingly becoming important clients for us.

**What has been the key piece of advice you give your clients in the last couple of years?**

I think it is important to try to stay ahead of what is happening and look at the broader picture. In the past few years this has been a big challenge because of the great amount of changes in the healthcare system and pharmaceutical market. I also advise that they need to collaborate with the government. I think the industry has learned a lot. Conversations between the government and the industry are finally starting to pay off.

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Finally, with a changing environment, companies need to change their commercial models completely. They have to stop thinking about sales forces being the most important part of the business and look at other areas like government affairs or market access.

Companies need to stay ahead of the market and trends through hiring good people in your company who know and understand the system, and have a willingness to talk to and partner with the government and distribution channels.

### **What is the situation for IMS Colombia in terms of attracting and retaining the best talent in the industry?**

There is a lot of talent in the Colombian market. We have done very well in attracting young talent, which we can nurture and grow. IMS has also been very good at retaining talent by demonstrating the importance that we have in the healthcare system. Instead of just concentrating on sales, employees have to understand the whole market by actively participating in the community, and that is very attractive to people who are eager to learn. IMS is starting to share talent and knowledge across countries as well. Normally the trends of one market are very similar to those of other markets. Overall, the pharmaceutical industry is globally going in the same direction. From markets that are more mature in terms of what we are doing and where we want to be, IMS is sharing those talents. In the Colombian affiliate, IMS has hired two Mexicans to train the consulting team across the Andean region, particularly our younger employees. As there is a lot of cross-country movement throughout Latin America, we are more focused on communication and training people so that they can work well across the region.

### **What would you like to have achieved in three to four years?? time?**

IMS is working towards building its consulting practice strongly. The institutional market is of course a priority as well, since 50 percent of the market falls under this category. In the next year we expect to launch a partial report and in the next three years we should have a complete one. It is a challenge to advise our clients without institutional market data, since many multinationals have sometimes 80 percent of their business in this area. IMS is also moving into the consumer health market, building up its practices and becoming experts in the OTC market. In the next three to five years we expect to be a leader in this segment.

### **Looking at Colombia in worldwide terms, what would be your final message to our international readers on behalf of IMS?**

Colombia is going through a very interesting phase. The country has a very positive outlook. I think what the government has been doing in the past few years will finally be resolved this year after so much uncertainty. We will have more formalized legislation in biosimilars and biotechnology, which is very important for companies. We are also seeing a formalization of the distribution channel. Although the Colombian market is atomized, it is starting to move into a more organized distribution channel. Colombia has one of the best healthcare systems regionally, if not globally. There are many opportunities for companies with innovative strategies to enter the market. Overall, Colombia has a very attractive and stable market for both pharmaceuticals and economically in general. In the next couple of years, you can expect very good legislation put in place to regulate many issues in the pharmaceutical industry that are currently unregulated.

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