

Interview with Michael Azrak, Managing Director, MSD South Africa

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If we take a look at MSD's international presence, the group has grown into the third largest pharma company in the world. Here in South Africa, you are in the top ten. What are your aspirations?

Our Aspiration is to consistently out grow the Market. With more than 10 brands to launch over the next two years, I know we are well placed to achieve this and improve our ranking amongst our peers.

We know that currently less than 20% of South Africans can afford health insurance, which leaves the remaining 80% having to make do with a very resource-constrained public health system. What opportunities for growth do you see for MSD with the introduction of the NHI?

MSD understands and embraces the need for National Health Insurance (NHI). All stakeholders need to work together so that the NHI achieves its objectives. Innovative Medicines & Vaccines must play a role in the NHI, given the burden of unmet medical need in South Africa. MSD's portfolio is targeted at both communicable & non-communicable diseases and so we are in a strong position to contribute to the improvement of healthcare in South Africa.

Globally, MSD is facing patent cliffs on key drugs. How strong is the pipeline and how do you assess MSD's resistance to generics in South Africa, and the company's capacity to reinvent itself through diversification, partnership and licensing?

The backbone for MSD will continue to be delivering innovative medicines. Our CEO's decision to maintain a high level of Research & Development spending is evidence of this. Locally, we have a broad portfolio of medicines and vaccines that will allow us to overcome the loss of exclusivity on key brands

How much has the merger between Merck and Schering Plough affected the South African operation?

The merger between the two organisations, legacy Schering Plough and MSD is complete in South Africa. The company is now one legal entity. The merger has broadened our portfolio and increased our relevance within the South African Market.

Yesterday Mr. Neils Boyce told us about the importance of working with local partners to succeed. Could you tell us about the nature of the partnership with Adcock?

The Adcock Ingram collaboration brings together the strengths of two companies. For MSD, it is about increasing access to its medicines by having some of its brands promoted by a local company and leveraging its expertise. This is particularly true in the pharmacy arena.

The group just announced a joint venture with Supera Farma to tap the Brazilian market. Are there any similar expansion plans or investment strategies in South Africa that will help the company grow inorganically?

Our strategies moving forward will take into account all the market changes that will come with the introduction of NHI. As such, we will evaluate all options to ensure we are delivering value in the best possible way.

South Africa has 17% of the global burden in HIV/AIDS for 0.7% of the world's population. As one of the few pharmaceutical companies who remain committed to the discovery and development of vaccines, and considering MSD's involvement in the fight against HIV/AIDS for nearly 20 years, could we envision the company working with the government on a Public/Private Partnership (PPP) project?

We are very proud of our role in the fight against HIV/AIDS. We remain committed in this fight and will work with all stakeholders to reduce the burden of this disease in South Africa

In 2005, Chirfi Guindo said he believed South Africa would become a manufacturing and export hub for the group over the long term. Is this still realistic and do you share his view, given the number of MNCs choosing to import drugs?

Locally, we have a state of the art packaging facility located in Midrand. We are continually reviewing our manufacturing capacity and global footprint to ensure we deliver our medicines in the best possible way. What this will mean for the broader African continent is yet to be determined.

We know the role that the BBBEE scorecard will play with more and more government tenders. How have you integrated this transformation process into the company's development?

As a company committed to the long term in South Africa, we are working across the business to integrate BBBEE. I firmly believe that in the long run this will yield synergistic benefits for both the organisation and society at large.

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