

Interview with Norton Oliveira, General Manager, MSD Colombia

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You have significant experience in a number of therapeutic areas such as immunology, CNS, or biotech. What competitive edge would you say this gives you over other general managers in the industry?

First of all, I would like to say that the process of learning is a continuum. I do prefer to embark in this journey with humility, always seeking to learn from the new experiences. I do believe that z having had the opportunity to lead different kinds of sales and marketing organizations in different companies in a big emerging market like Brazil, , and the chance to work from the headquarters of MSD for a while, has given me the perspective of both country and corporate operations. The experiences of a big emerging market also enable me to better understand the changes that are happening in the Colombia. Many of the discussions we are facing in terms of price controls, healthcare reform, health technology assessment, reference pricing, are all topics that we have had the chance to discuss with the authorities in Brazil. I think this could be an opportunity to share the solutions and ideas that I've learned, not only with MSD Colombia but also with the pharmaceutical sector in the country.

You have been General Manager of MSD Colombia for six months. What were the initial goals that you set for yourself when you first arrived here, and how have the last six months played out so far?

I am joining a very successful organization in Colombia. The company has been growing rapidly in the last few years. I am not here to change or turn around the business or start up a new company. It is more of a discussion of how to lead MSD in Colombia to the next level in terms of growth. MSD has an ambitious vision to become the leading research based company in Colombia in the next five years. To do this, my team and I, will need to energize the high performance organization that we lead, in order to execute on our aspiration of becoming the best healthcare company in the world. MSD has very high levels of commitment and engagement of of its people. I also need to manage the business strategically. MSD, after the recent integrations, is a big and diverse company, and we know that only a few other multinational companies have the same presence and diversified portfolio as MSD has in many different therapeutic areas. It is a matter of managing this diversity and leveraging some key growth drivers, including the successful launch of innovative products currently being developed.

From your perspective as General Manager of MSD Colombia, how do you see the impact of the health reforms on the pharmaceutical industry in general?

These reforms are very important and affect the business environment. It is the most important change in healthcare policy in twenty years, since Law 100/93 was put in place. Colombia should celebrate the fact that in the last twenty years, the country has increased healthcare access from 25 to 96 percent of the population. Very few countries have achieved this, even developed ones. As

stated by the Ministry of Health, this reform will address the inadequate use of resources, deficient care in special zones, loss of legitimacy of the system, barriers to access to healthcare services and failures in prevention and the promotion of wellbeing; as well as the lack of prompt payment to healthcare providers. . If the reforms succeed, inefficiencies of the system will be reduced, which I think is possible to achieve. In order to solve the inefficiencies in the system and prepare Colombia for the next twenty years of healthcare, the reform process will need to be the result of the participation of all stakeholders, including the private sector. Furthermore, while the retail channel decreased by 1.5 percent units last year, I believe this will likely be reversed in 2013 and beyond. Despite the positive feelings for the long-term, I am sure this reform will bring some challenges in terms of planning in a changing environment. In the long-term, healthcare reform can definitely bring great change for the population, enhance access, and allow better care. I am optimistic about these changes.

Jose Bastos, Senior VP and President of MSD Latin America, said that there needs to be greater private-academic partnerships more than PPPs as way of improving visibility for the pharmaceutical industry in general. What is your take on this?

I think that both can coexist very well. Regarding the partnership with private institutions and academia, MSD in Colombia has quite a successful history in clinical research in the country. MSD has been in Colombia for 65 years, and built a clinical research operation 37 years ago. One out of three clinical trials approved and executed in Colombia are sponsored by MSD, which positions us in the leadership of clinical research in the country. MSD is currently conducting clinical trials in twelve cities in Colombia, executing more than 60 protocols in partnership with 115 investigational sites in 13 therapeutic areas.

MSD's significant investment in clinical research in Colombia results in the generation of employment, continuous education to the medical community, support to research units and programs, and technology transfer. The affiliate plans to continue investing in research in Colombia. In terms of patient visits in clinical trials, Colombia ranks among the top countries globally for Merck, which means that the Colombian team is very effective and competitive. We are also proud to host one of Merck's data management centers in Colombia. The data management center consolidates data from clinical trials and pharmacovigilance. Colombia is consolidating data for all of the Americas, including the United States. I am very proud of this legacy and position in clinical research. It brings the company's "DNA of innovation" to Colombia, and creates truly high-level jobs. We are transferring technology in many of these trials to Colombian institutions. Of course, you also have the perspective of research doctors and key scientific leaders in the country engaging with new scientific knowledge early on.

Regarding PPPs, I do believe it can be useful to improve market access in some specific situations but definitely PPPs are not the solution to every problem. I do like the model and think that for some specific disease areas you could generate access and create long-term sustainability for some centralized managed disease programs. If the discussion of a PPP brings sustainability and creates a new program in a different field of care that did not exist in the past, I think that both companies and governments should work together to find solutions that could improve access in this sense. Of course, successful development of PPPs depends on many other topics, such as the clarity of the legal framework.

What are the key characteristics of Colombia that make it an attractive place for healthcare professionals to come here?

We are bringing more investments to Colombia in clinical research due to many factors. It is a combination of a clear and effective regulatory framework, the professionalism of medical doctors

and investigators, and their effective execution of trials. Can you give us an overview of MSD Colombia's portfolio, looking at the split between human health, animal health and consumer care?

All three divisions of MSD are present in Colombia, along with all the support functions, including research, and distribution. The leading division is human health, as it is globally. MSD in Colombia has a very strong position when we compare our animal health and consumer care businesses vs. other Latin American countries.

In the human health division, we have broad presence in cardiovascular, with top-class products for the treatment of hypertension and cholesterol. We also have the leading brands in Diabetes. Oncology, vaccines, and contraceptives are key therapeutic areas in which we participate. Last year the Colombian government initiated HPV vaccination in the country with the tetravalent vaccine of MSD., and was one of the first Latin American countries to have a national program. The Colombian government is a pioneer in the fight against cervical cancer and other diseases caused by HPV.

MSD also has respiratory, bone, pain, neurology, and infectious diseases treatments in its portfolio. MSD's portfolio is completed by many other products that continue to provide options to patients as they seek solutions for their ailments and to remain healthy. As I said, very few companies have a such a broad portfolio of products like MSD does. The company's challenge is to manage a diverse portfolio successfully while launching new products. Last year MSD successfully launched six products in Colombia, that are a contribution to resolve unmet medical needs in an innovative commercially viable way.

With such diversity in one company, what do you expect to be the primary growth drivers for 2013?

The main driver is the disciplined execution of our plans for core products. Of course, MSD needs to consolidate its launches from last year.

You have certainly set out some ambitious goals for the next few years; how do you plan to achieve all of these objectives as part of your five-year strategy?

As I mentioned, the vision is to be the best healthcare company in the world. The "how" for sure is very important. We want MSD to be recognized by its customers as the most trusted and valued company in Colombia. We are very proud to not only achieve sales growth and to attain our vision for the future, but also to maintain MSD's reputation as a company that is focused on improving the lives of many. I am certain that we will become the best healthcare company in Colombia, by maintaining our focus in solid medical education, Innovation, and by launching new brands. Furthermore, working with different stakeholders to expand access, will be a significant milestone.

After all of your experience in corporate and working in Brazil, what was your main motivation to come to Colombia?

Colombia is a key country for MSD in emerging markets as part of a global growth initiative. The country has had implemented policies in the last ten years to improve the business environment in general together with its economic growth. Furthermore, MSD Colombia team is an amazing one, with which I enjoy collaborating to serve the people of Colombia. The individuals working here are committed, passionate and professional. The combination of a good team, excellent market opportunities and a favorable economic environment, make Colombia a great place to be.

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