Fernando Fogarin – Strategic Project Lead Emerging Markets, Organon



By addressing women's health, we positively impact the entire community. A healthy, empowered woman leads to a resilient family and a stronger society

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Drawing on an industry track record of over 25 years, Fernando Fogarin has recently become the strategic project lead for emerging markets at women's health specialist Organon. He shares his priorities and the particularities of the Mexican market, discussing the positive impact of the country's upcoming biosimilars reform; Organon's efforts to address the issue of teenage pregnancy; and how the firm's Mexican manufacturing facility aligns with the region's nearshoring trend.

What is the scope of your new role as Organon's strategic project lead for emerging markets?

In our company, emerging markets encompass a vast region, from Japan to Argentina. The global leadership is divided among four leaders: one overseeing the US market, another Europe, a third China, and my boss, who manages the rest of the world. This region is incredibly diverse, presenting a multitude of opportunities and challenges. My projects over the past month in this new role have focused on identifying synergies, enhancing efficiencies, and establishing centres of excellence in various commercial areas across emerging markets. This is a collaborative effort, involving a cross-functional team from global, regional, and market levels. Ultimately, our goal is to

achieve savings for the company, thereby improving our profit and loss (P&L) figures.

Speaking of synergies and efficiencies, what have you discovered in these areas over the past month and a half?

Our main focus is on data and analytics. We are starting by building centres of excellence in this area, and we plan to expand to other commercial-related areas in the future. There are numerous commercial capabilities that can be centralized, where both our markets and the global team are investing resources. Our aim is to understand what is being done at the global, regional, and market levels to identify potential savings. By eliminating duplication in various commercial areas, we hope to achieve significant efficiencies across the organization.

As I understand, Mexico is one of Organon's top 10 markets. Can you provide an overview of how the Mexican portfolio differs from that of the global group?

Our portfolio is divided into three main groups. Firstly, we have our women's health portfolio, which is a key focus for us as a women's health company. Within this, we have a range of contraceptive products, including a single-rod implant that is highly effective in preventing pregnancies for up to three years. This particular product is a significant tool used by governments in Latin America, including Mexico, to address the issue of teenage pregnancy, which is a major concern.

Secondly, we have our established products portfolio, which includes medications in the cardiovascular, pain, respiratory, and dermatology therapeutic areas, among others. These products are crucial as they generate the revenue needed to invest in research and business development, particularly in women's health.

Lastly, we have our biosimilars portfolio. While these are present in some emerging markets, Europe, and the US, they are not yet widespread in all regions. Biosimilars offer a cost-effective alternative to originator products, providing budgetary relief for governments and enabling them to treat more patients. In emerging markets like Mexico, where resources are often limited, biosimilars can play a crucial role in expanding access to necessary treatments.

Given the upcoming new Cofepris regulation on biosimilars, do you foresee any specific opportunities for Organon in this market?

The new regulations from Cofepris will create significant opportunities, not just for Organon but for many companies with biosimilars. By streamlining the approval process, the government is making it easier to bring these cost-effective treatments to Mexico. This is a smart move as it allows the government to optimize its healthcare budget, either by saving money or by treating more patients. For Organon, the regulatory reforms open up new avenues to introduce our biosimilars and support the healthcare system in Mexico more effectively.

Earlier, you mentioned your efforts to prevent teenage pregnancies in young women in Mexico and Latin America. Can you elaborate on the types of programmes or partnerships you have in place to support these initiatives?

We have numerous partnerships throughout Latin America, particularly in Mexico. One key partner is the United Nations Population Fund (UNFPA), which focuses on preventing teenage pregnancies. This issue is crucial because teenage pregnancies can have significant consequences: young girls who become mothers often cannot complete their education, which impacts their future employment opportunities and places a heavy burden on their families and the economy.

One notable partnership is our initiative in the Xochimilco municipality of Mexico City. This project aims to educate teachers, parents, and teenagers about reproductive health. By doing so, we hope to reduce the teenage pregnancy rate in this area, which is significantly higher than the national average. The project began a year and a half ago and is expected to last for another couple of years, with the first results anticipated soon.

The initiative involves comprehensive education programmes and aims to reach over half of the teenagers in Xochimilco. Mexico has one of the highest rates among OECD countries, with 24 births per 1,000 teenage girls, while Xochimilco’s rate is alarmingly high at around 80. This disparity within the same city highlights the need for targeted interventions.

The Netherlands, in contrast, has been successful in reducing this rate to just 4 per 1,000, showcasing a stark contrast in approaches and outcomes. The Mexican government’s initiative to provide free contraceptive consultation and methods to teenagers is commendable. This policy has been ongoing for about eight years, offering counselling and various contraceptive options free of charge, even allowing teenagers to seek these services without parental consent.

Regarding the UNFPA project in Xochimilco, it is funded by Organon but led by UNFPA, focusing on reducing teenage pregnancy rates through community interventions. The local community has

been supportive of these efforts, which aim to make a tangible impact in addressing this critical issue.

The proactive government policies and collaborative efforts with organizations like UNFPA and private companies demonstrate a concerted effort to improve reproductive health outcomes for teenagers in Mexico. If successful, this model could be expanded to other parts of Mexico and potentially across Latin America.

Coming back to Organon Mexico, what was the logic behind Organon's move into the Contract Manufacturing Organization (CMO) space?

When we spun off from our parent company three years ago, six manufacturing plants worldwide transitioned to Organon, including one here in Xochimilco. The separation of production from our previous company is a lengthy process, potentially taking up to 10 years due to the regulatory approvals required for product registration across various countries.

Upon acquiring these six manufacturing facilities, we noticed they were operating at around 40% capacity. This underutilization represents a significant investment that was not being fully leveraged. To address this, we are looking to treat our manufacturing facility as a business unit and offer our excess capacity to other companies. This strategy aims to generate additional revenue by producing for others and reduce our costs by increasing production volume, thereby spreading the facility's overhead across more products.

So far, we have successfully engaged with several companies interested in partnering with us, and we are exploring business development deals to bring in more volume. Additionally, we are aligning with the nearshoring trend. Historically, the previous company never sent products from Xochimilco to the US market. We are now working towards certifying our manufacturing facility with the FDA to enable exports to the US. This certification would open up significant opportunities, allowing us to supply both our own products and those of other companies to the US market.

How has the response been from potential partners and what progress have you made in securing these agreements?

The response has been positive. We have connected with five or six companies interested in collaborating with us. By increasing the volume through our manufacturing facility, we aim to lower

our cost of goods, thus enhancing our bottom line. The path we are following involves strategic agreements that leverage our existing investments and the growing trend of nearshoring to the US market. If we achieve FDA certification for one of our products, it could pave the way for broader market access and further solidify our manufacturing capabilities here in Mexico.

On paper, Mexico is one of the most attractive pharmaceutical markets in Latin America. However, many people say that accessing the market can be complicated. What are the most important market strengths at play in Mexico today?

There are several strengths that can both facilitate and hinder the introduction of innovative products in Mexico. In our case, we have some innovative products and medical devices that we aim to bring to the Mexican market. To achieve this, it is crucial to have these products reimbursed or included in the government formulary. Typically, you launch a product in the private market first and then work towards getting it included in government and health maintenance organization (HMO) formularies. This process can be quite cumbersome.

Over the past six years, the landscape has been changing significantly, and there is no clear path for innovation to be included in national formularies and government tenders. The process to achieve this can be complex and is subject to annual changes. To be honest, we anticipate a transformation in the next six years, but the path forward remains uncertain. It is an expectation rather than a certainty.

What are some of the key differences between the Mexican market and the other emerging markets you are looking at today?

The diversity across emerging markets is enormous, making it quite complex to compare them directly. Different health systems, reimbursement structures, and access to innovation vary significantly from country to country. When we talk about the emerging markets, we are considering more than 100 countries, each with its unique characteristics.

In developed markets like Europe and Japan, mature products face substantial pricing pressure due to the presence of several generics and branded generics, which compete aggressively once patents expire. This creates a high pricing pressure environment for mature products.

On the other hand, in markets like Mexico, which operate predominantly on an out-of-pocket basis, there is an opportunity to continue growing mature products. Here, patients often decide based on the perceived quality of the product. If a branded product is well-promoted and trusted, patients may choose it despite a higher price compared to the cheapest generic alternatives.

So, the dynamics in developed markets versus emerging markets can differ significantly. While mature products may struggle with pricing pressures in developed markets, they can still see growth in emerging markets due to different consumer behaviours and market structures.

ESG, or environmental, social, and governance, is one of the buzzwords all around the industry. It seems that Organon is very well placed in this context. How is this having an impact in Mexico, and do you have any examples of how this plays out in emerging markets?

We have several initiatives under the ESG framework, particularly focused on diversity and community engagement through Employee Resource Groups (ERGs). These groups tackle various aspects of diversity and help employees develop within the organization. In Mexico, we have several ERGs, including the LGBT+ group, a caregiver’s group for parents, a women’s group, an ethnic diversity group, and a group for young employees.

We empower these groups to lead initiatives both within Organon and in the broader community. For instance, the UNFPA project in Xochimilco was born out of this mindset. We connected with local legislators who highlighted the issue of teenage pregnancy in Xochimilco. Given our role in providing tools to prevent teenage pregnancy, it was clear that we needed to take action.

After internal discussions, we secured half a million dollars to support this project. This project exemplifies our commitment to social responsibility, leveraging our resources to address community needs. Additionally, we have ongoing community service programmes where employees volunteer in centres helping underprivileged children in Mexico City. We encourage our employees to use allocated hours for community service, reinforcing our ESG commitment.

Given your focus on diversity and the mission of promoting health and well-being for women, how do you ensure equal support and opportunities for your employees?

Our commitment to equality is deeply rooted in our corporate culture, inherited from our previous company. Decisions are always made based on the qualifications and capacities of individuals. For instance, 60 percent of our Mexican leadership team are women, including roles traditionally held by men, such as our finance director and HR director.

We strive for gender balance throughout the organization, with an approximate 50-50 distribution of men and women globally. This approach ensures that both male and female employees feel equally supported and valued within the company.

What is your approach to team building and culture in your new role?

It is a very diverse region, and I am connecting with parts of the world that I have not been exposed to before. I am learning a lot, especially about timing, as I have calls at various hours. Some days I start at 5 a.m., which means waking up at 4:30 to be ready. I have calls from 5 a.m. to 11 a.m., then a break until around 4 or 5 p.m., and then I start again from 5 p.m. to 9 p.m., sometimes even later.

This schedule is complicated, but it is a tremendous learning experience about different cultures, realities, and market archetypes. Each market is uniquely designed, so this exposure is enriching my professional growth, making me a far better professional.

Do you have a closing statement to share?

Working for Organon has been a privilege. We are the largest pharma company focused specifically on women’s health, addressing an area that has been neglected historically. Women’s health has often been overlooked, and even in clinical trials, the inclusion of women is significantly less compared to men.

We aim to change this by focusing on women’s health. I am proud to be part of a company of this size that prioritizes this mission. Improving women’s health has a substantial benefit for society because a healthy mother contributes to a healthier family. Women often play the caregiver role in families, and they sometimes neglect their own health while caring for others.

By addressing women’s health, we positively impact the entire community. A healthy, empowered woman leads to a resilient family and a stronger society. It is rewarding to be part of a company that is dedicated to making this difference.

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