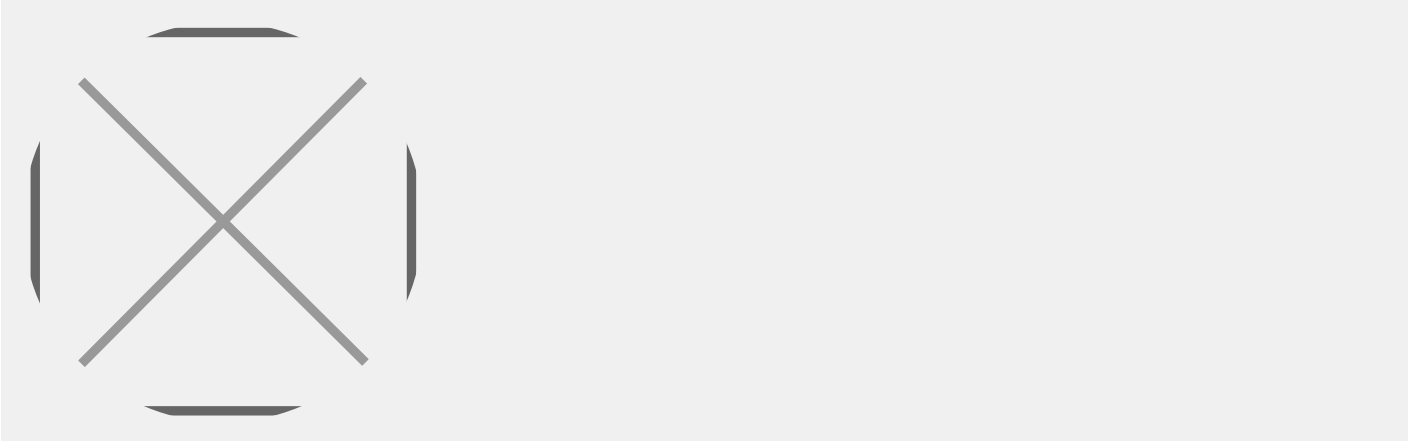
Interview with Hector Avila, General Manager, CECyC Pharma Mexico



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With the new drug registration laws that were announced in 2005, was CECyC Pharma initiated as result of this new law, or pre-emptively because you saw that the market was due to change?

We started operations in 2005 as an authorized third party bioequivalence and clinical trials center. Companies like us in Mexico can only work with this approval from COFEPRIS, and we are authorized for clinical, analytical, and analytical solution profiles. We have the whole value chain within the company, and in our installations.

I worked in the pharmaceutical industry for many years, in both national and international companies, starting as a sales representative and ending up as a Commercial and Business Development Director for one of the national laboratories. It was there that I realized that there was a great need for companies like CECyC Pharma in our country. In 2005, the general health law changed in Mexico and one of the most important changes was that before, when you registered a medicine, it was permanent, and with the change in law this was no longer possible: every five years it stipulated that you had to renew your medicine registrations. COFEPRIS gave a timeframe of five years up until 2010 for companies to renew their currently active drug registration, and at this stage there were some companies with drugs that had never been submitted for clinical analysis- for example drugs that had been launched in the 1960s that had nothing to do with the current, modern pharmaceutical landscape. This change created an explosion of necessity that had never existed in Mexico before. There were a few clinics around, but none integrating all the

services that were required, so I decided to create a Mexican company that could cater for all those needs in one place. Our main areas are clinical research and analysis, and the whole regulatory section- because new regulations are tough to understand, and we wanted to offer this regulatory service as part of our value chain. That is the origin of our company; we are a company with 100% Mexican capital, and we started with just three people- now we have more than sixty people in the company including doctors, chemists, and specialists, and 25 different customers including both Mexican and international companies.

Do you have strong partnerships with your customers, or do they use you for one clinical service and the competition for another service?

In truth, we have very strong relationships with our customers. For example our very first customer seven years ago continues to be one of my customers today. We have not lost any customers since starting, and we have earned quite a few new customers in the last years. I would like to have fifty customers, but right now we would not be able to look after all of them because we have the ability to conduct between 90 and 100 clinical studies per year.

We have heard that there are only around 30 companies in Mexico that can provide the services that CECyC Pharma provide. Given the fact that the law changed in 2005, why have we not seen more companies arise since then, seeing the opportunity?

On the official COFEPRIS list, there are around 30 companies but CECyC Pharma appears three times because it has approvals for three different services. Taking this into account, the list is reduced to around 18 or 19 companies. It is true that the market has been attractive for many people for a while now, and the competition is getting stronger: there are also many Indian companies penetrating the market, interested in positioning themselves in Mexico.

The increased competition will ensure that we continually improve our services in order to retain our customers: we will offer better services; be more respectful with our customers; deliver results on time; ensure that our customers trust the results that we provide; have competitive prices; continue to have a source of good volunteers; and own the latest and highest quality equipment and the best facilities in order to welcome both our customers and volunteers that participate in the studies. We have to work a lot harder in order to ensure that our customers stay loyal to us, and don’t run to the competition.

What happened in Mexico seven years ago is happening now in most of Latin America, and we are starting to work in other countries in order to look for more opportunities. We have customers in the Dominican Republic and Venezuela who do not have manufacturing plants or offices here in Mexico, but we are working with them.

How do you get customers from other countries?

There is very little competition in these countries, for example many companies would do their clinical analyses in Argentina, but now they have switched to work with us because there is still no infrastructure in either country. This May, we will be audited by the Chilean authorities to gain their approval as an authorized center of research for Chilean companies, and start to work with them- we are starting to internationalize ourselves as a company.

You mentioned earlier that in order to beat the upcoming competition you had to, among other things, ensure the best equipment and to deliver results on time. I believe every other company offering the same services as CECyC Pharma will do the same in order to fight for customers, so what makes you different?

Every company should have this philosophy, but it doesn't always happen in reality. The difference is that we always do what we say we will do in a timely manner, and that is our main competitive advantage. As a company, we accomplish every single aspect of what we offer; for example we are the only company of our kind that is ISO 9000 certified, and we achieved this certification because we want to align our systems at an international level in order to be more efficient. We also have other tools such as a system of performance evaluation, and we have implemented a permanent training program for all of our employees. Importantly, we have somebody dedicated to improving services through the entire organization. All of this adds value to our operations, and it has led us to deliver exactly what we promise in a timely manner- it all contributes to being different.

One more thing that we have in this business is experience. We have performed over 350 clinical bio-equivalence studies and we have around 130 different analytical methods, done by highly qualified and skilled staff, which is extremely valuable.

You mentioned you started the company with only three people. How did you manage it to make things work?

Let's approach this in a different way; I am a Commercial Relations graduate, and seven years ago I knew very little about this industry: I had to go and study. After I had studied bio-equivalency, profile testing and statistics, I had a lot of people that believed in me and from there on I could start the business.

How do you recruit the best talent nowadays?

In CECyC Pharma, Practically all of our employees have been developed here inside the company, for example we have an intern program and we always have at least six or seven fellows working for us, who then come back and work for the company after graduating. We have always made it easy for our staff to complete whatever studies they are doing, and we have offered experience and material to finish many theses.

If we come back in five years' time, where will we find CECyC Pharma positioned in the market?

We will have some kind of subsidiary; actually I am working on a project right now to do with this. We will have extra services- the same we have now, but for bio-technology. We will also have more experience in Phase I and Phase II clinical studies. Finally, we will have customers in seven other countries aside from Mexico.

Do you have a final message for the readers of Pharmaceutical Executive?

I think Mexico is an extraordinary country in which to conduct clinical studies at any level, and with companies such as CECyC Pharma in Mexico, we can manage the clinical and regulatory environment for whichever country that requires it, including the United States and Europe. We are an extraordinary business. Our cost continues to be competitive, we are well-positioned geographically, and we must continue to do the good work we have here- we are prepared for every opportunity!

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