Interview with Roberto Roizman, CEO, Farmindustria & Laboratorio Volta

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As the CEO of Farmindustria since 1998, what would you say has been your recipe for the impressive success that the company has experienced, considering that Farmindustria represents 35% of all contract manufacturing activities in Chile?

Our strongest key to success has certainly been the team that work’s here. Manufacturing pharmaceutical products is a very specific and technical activity that requires trained and efficient people. In particular our Technical staff is very impressive in its ability to handle a large volume and variety of products and to have each one of them manufactured as per their specifications. Additionally, we have very good facilities with modern machinery that allows for great versatility in switching from the production of one product to another. The company invests a lot in the best machinery not only to have the most efficient manufacturing process, but also to improve the quality control of all of our products. All of these factors give us the capacity to deliver a product to the client in a very short amount of time. Eventually, I would say that the culture within the company is also essential to our success, because we are a company that provides services and as such we must have the right mentality and culture to serve our customers well.

How would you evaluate Farmindustria’s performance in terms of growth, revenues and market share?

Farmindustria today manufactures between 35-40% of all contract manufacturing for the pharmaceutical industry in Chile. The company began as a very small operation 12 years ago, but that was the perfect moment to enter the market because at that time the majority of the global pharmaceutical companies were shutting down their manufacturing facilities in the country. In parallel there were the local companies that were growing very quickly and did not have the capacity to produce all of their products. We took advantage of that opportunity and have been growing together with the needs of the Chilean market. Today Farmindustria has the ability to manufacture a large range of products in all shapes and forms, including food supplements, capsules, tablets, coated tablets, creams and ointments, and sterilized products such as ampoules, drops and vials. The manufacturing plant is currently working with two shift turn so there is still room to expand production and increase output. Furthermore, today we export 5-10% of our production to other Latin American countries.

Farmindustria manufactures products in all possible forms and vehicles for both international and national companies. What is the importance of foreign versus national clients? Which product types are the most profitable for Farmindustria?

In the beginning the multinational companies were our biggest clients representing about 50% of our revenues, but today they have facilities in other Latin American countries from which they receive their pharmaceutical products with local packaging. Given the numerous mergers and acquisitions that have occurred in the global pharmaceutical industry in the past 10 years, these companies today must drastically lower their costs in order to pay for those acquisitions. One of the main cost-cutting strategies that they have implemented is to delocalize the manufacturing of their products. In Latin America, they have harmonized the brand and packaging for their products so that they can be produced at one single location. In the case of Chile, many of the pharmaceuticals sold by the multinational companies are produced in Argentina, Brazil or Mexico. Today these companies only represent between 15-20% of our total production. As a result we have increased our production for local companies and also for companies in other countries, such as Peru, Uruguay and Bolivia. Additionally, the large pharmacy chains in Chile have also begun contracting us to produce for them.

As one of the leading contract manufacturers in the country, literally a one-stop shop for contract manufacturing, what is Farmindustria’s comparative advantage over other national manufacturers? What makes you the partner of choice for international companies wanting to contract manufacture in Chile?

As I mentioned before, I think the people that work at Farmindustria are one of our biggest assets. Many of them have worked for multinational pharmaceutical companies before coming to work for us, and therefore they understand the needs of those clients and the importance of upholding the highest standards of quality. Similarly, we are a company that is willing and able to adapt to the specific needs of our client. If one of our customers comes to us with a proposal illustrating a new production process with higher quality control standards, then we will do our best to implement the changes to achieve the highest levels that are required by the international industry. Our guarantee is to provide the efficient delivery of pharmaceutical products of the best quality and produced under the highest standards of quality. This requires that we continuously invest in the latest technologies and it is something that Farmindustria does to constantly remain at the cutting-edge of pharmaceutical production. It is part of our culture and every year we invest around 50% of our revenues profit in new technology and processes.

As an example of a complete Chilean pharmaceutical manufacturer, what would you say are the main challenges that Farmindustria faces in the Chilean pharmaceutical market today?

Our main challenge is to be a step ahead of the local third-party manufacturers pharmaceutical industry, being always updated of the international trend. Production and quality standards are very dynamic and every year or two there are new things to improve and learn. We would like to continue deepen our relationship and commitment with our customers that we are sure has been the key to our success. Additionally, we will introduce new technology and pharmaceutical forms, so our clients can expand and complete their portfolio. Finally we have decided to certify our facilities in other South American countries like Colombia and Argentina, so that pharmaceutical companies in the region could manufacture in our factory.

Chile’s local pharmaceutical industry is renowned for producing high-quality and accessible similar and generic products. What would you say are the advantages that Chile offers to those who manufacture pharmaceutical products?

In Chile, we have plenty of experience in reducing the cost of manufacturing. Similarly, companies are also used to expect low margins here because historically there has been a preference for low-cost products. The country has a very open and transparent market in which information is free and easily accessible. This information gives companies the opportunity to be competitive by constantly adapting to the rest of the market. For the multinational companies, Chile serves as a training ground for managers because it is a very tough market that forces you to learn how to manage a company successfully and efficiently. If a manager succeeds in Chile he will be able to take on any other market. For companies it is also a test market that will determine if a product is

ready to move into other markets.

Farmindustria already counts on numerous national and international partners, and the larger Volta Group has taken its activities to Latin America. In this context, what is the next step for you; what is Farmindustria’s expansion strategy?

The limiting factor for the Chilean market is clearly its small population size. Given our expertise in manufacturing products under international standards, our current aim is to build a regional network with which we can expand our activities into other Latin American countries. In order to achieve this, we have developed a partnership with Eurofarma in Brazil which is a very reputable company with an extensive network already in place. Eurofarma is already present in Uruguay, Argentina, Bolivia and Paraguay so there is no need for us to look for additional partners in those countries. The idea is that both companies will be able to benefit from each other’s expertise through this partnership, and in this way Volta can increase its role in the region.

Farmindustria has been developing its biotechnological activities and even conducting its own research in this field. How successful have these efforts been and what are the prospects for the future?

About five years ago the company started working with some of the local universities to conduct research for biotechnological products. Over time this initiative developed into a consortium composed of companies, universities and institutional entities as well as some foreign academic institutions in Argentina, Spain and Israel. The aim was to develop products in oncology and through our research we began exploring the antioxidant properties of the Maqui berry, which is a “super fruit” found in Chile. Today we have three patents in the US for our products made out of this berry and it is becoming quite a success. The berry is produced here and then taken to Italy where the extract is formulated and then exported to the US for use in a variety of products. All of the data that we gather through our research and the clinical trials of the Maqui extract are now used by the American companies to back their products for commercialization.
Beyond the Maqui product we are also exploring the properties of marine algae that grow off the coast of Chile for the development of a diabetes product. We have an executive in Farmindustria entirely dedicated to this project, but I cannot provide you with the details of our current research because we are in a very sensitive stage at the moment.

What would you say are the main qualities necessary for an entrepreneur such as yourself to be successful?

I had the privilege of observing my father manage his cosmetics company for many years, and this taught me many things for when I first entered the pharmaceutical industry 22 years ago. Nevertheless, the most important thing for an entrepreneur is to cross the bridge and not to stay in one place. The idea is to always look forward and think about the future. Of course you will make mistakes along the way, but as long as you learn from these then you will be able to keep developing the company. Another key factor is to surround yourself with the right people because no one has all the answers on their own.

What is your vision for Farmindustria for the next 3 to 5 years? Where would you like to take the company by then?

Our priority is to continue investing in our bioequivalence capabilities especially for in vitro studies. Our clients will require this kind of information more and more so it is essential that we are able to provide this for them. Beyond that, I expect Farmindustria to grow organically as we slowly increase our manufacturing capacity. Additionally, we would like to find more clients not only in Chile but also in other countries.

What is your final message for the readers of Pharmaceutical Executive about the contribution of Farmindustria to the Chilean pharmaceutical industry?

First of all I would like to thank all of the international and local companies that have believed in our project over the years and who are currently our partners. We have developed very strong relationships with all of our clients and suppliers based on transparency, confidentiality and trust and we wish to continue in this positive path into the future.

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