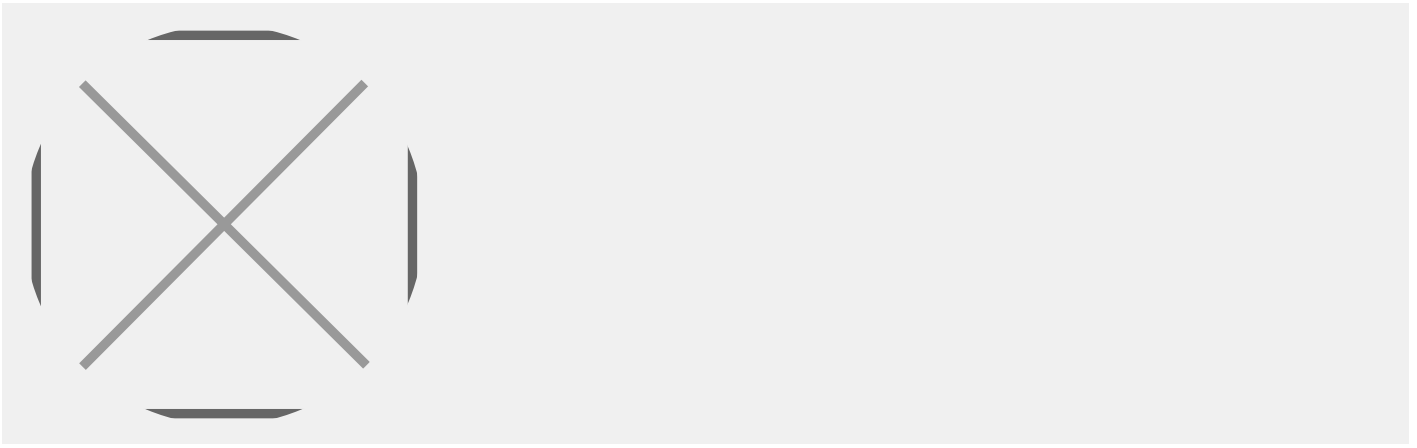


Interview with Orlando Famá, President, Torrent Brazil



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We met recently with Minister Pimentel when he launched his BrasilMaior plan, whose slogan was “Innovate to Compete. Compete to Grow.” If you had to make a recommendation to increase the competitiveness in the pharmaceutical industry here in Brazil what would you recommend?

I think that the Brazilian market has changed a lot since the introduction of generics in 1999. There were many companies like Bristol-Myers Squibb, where I worked for nine years and thus know a little bit, which were very big, and when generics began the sales and the description of this laboratory started to diminish a lot. After that the economic situation was very good, and many laboratories decided to come to Brazil. Then there have been a lot of mergers and acquisitions in the last ten years.

What is missing is the investment for us in Brazil to produce raw materials, because we do not have them here. What we are accustomed to do pharmaceutically is to buy from other countries – India, Japan, Europe and China. For us to develop new products in Brazil we must have raw materials made in Brazil. There are a small number of companies doing it in Brazil but I think the government has to incentivize it.

You’ve said in past interviews that labor costs alone in India are 10% of what they are here. What kind of incentives could the Brazilian government introduce?

That is going to be very difficult for the minister. There are many possibilities. We pay a lot of taxes and the unions here are very strong. To reduce the costs in Brazil and for us to have a plant is expensive – much more expensive than India.

When Torrent began in Brazil the company was considering having production after a few years in Brazil, once the volume got big enough – but now we have decided not to have it. Why? Firstly, because it is so easy to import. Also, these days with the technology, it is so easy for us to talk to everybody – through the Internet and telephone. I think the trend for the future is to have fewer plants and to concentrate in just a few countries. First, it reduces costs, because the production costs are very high because the quality has to be very good. For us to produce a simple Aspirin for example there would be a lot of quality control necessities and that would cost us a lot of money. But in Brazil, for us to import raw materials is very expensive because there are many taxes. If we had more production in Brazil it would probably be better for Brazilians. Because, for example, if you are talking about generics that would be very good for the population. We do not have generics in the population yet. We have only branded generics. What I am feeling is that the market is going to change in a few years, much more so than it is today.

Do you see any particular stimuli in the industry to provoke a big change?

What I think is that the generics are going to be something like 50 percent of the total market. There is no new molecule in the world any more. When I started working in the pharmaceutical industry, every year there were 3-10 new molecules. Now, new discoveries do not happen very often and because there will be so few, the turnover of new drugs will be small. There will be small changes but it will continue as it is. Now there are no new substances. We used to say that the laboratories would take about ten years to develop a new substance. Nowadays it takes 25 years.

Talking about the importance of Torrent in Brazil, what are some of the milestones and achievements for the company here?

What happened with Torrent in Brazil is that we did not imagine that we would be so good in the beginning! Now it is more difficult for us. We have been in the market for nine years. In the beginning we were doubling sales almost monthly. One of things we did to achieve this result was, my boss – a very smart man responsible for many countries as well as Brazil – he understood the pharmaceutical market. He understood the Brazilian culture, and he helped us to launch a company with a Brazilian profile even though we were an Indian company.

What is that Brazilian profile?

India is completely different from Brazil. When we started this company there was one Indian guy, my boss's assistant, and he wanted me to handle the marketing like in India, with the same way of promoting, the same approach, the same strategy, and the same culture. He wanted us to have dinner with doctors in Indian restaurants!

And I told him we are not launching in India. We are not selling India. What we have to sell is the quality of our company and the quality of the products that we have. Let us show them that we have high quality with a lower price.

When we launched Torrent, the government was launching generics in the market, and we were launching branded generics which were the opposite of the trend at that time. This was successful because we had quality and price. Our price, at that time, was the same as the generics.

And now?

When I talk about quality I am referring only to the quality of the products. I am talking about the quality of the substances or the molecules we choose. For example, we chose to launch with very modern substances. We were not first to market, and we were always branded generics, and there was always a reference product. But then we chose the most important substances and molecules to bring to Brazil. This was the first point.

Secondly, with regards to, when we launched in Brazil, the doctors did not know India. They did not know that India was very important in the pharmaceutical industry. We had to educate and show them what Torrent is and what we do. We have many plans: these days we have 800 scientists working to develop new substances and new formulations.

We also chose a very good team of medical reps and started only with experienced people. When we started the average age of our medical reps was 42 years old; nowadays it is less. When we started we were looking for medical reps that were recognized by doctors as being serious and professional.

Thirdly, Torrent is old-fashioned. We respect doctors. Our medical reps recognize physicians and pharmacists as the clients, as being senior. As a result, Torrent is recognized as a very serious team. We started by saying to our clients that if there was no turnover with a product we would buy it back.

When you retire, what do you want your legacy to be at Torrent?

My legacy will be as one of many who built this company, because I did not do it alone – we did it as a team. There are many people who have been here for seven to nine years, and we remain very committed to motivating them. Torrent invests a lot in training, not just in medical labs, but also the office team. We give our people opportunities to grow within the company.

What do you see as the growth prospects of Torrent in Brazil? What are your ambitions to grow the company over the next few years?

We are analyzing a lot of opportunities. Firstly, we were thinking of launching products in different specialties. There may be opportunities in other markets. Another one is generics.

The third would be to buy a new company, but not a big company, maybe a small one to allow an increase in turnover, even if it would involve different molecules in different specialties.

In Brazil, Torrent has partnerships with eight companies for licensing purposes, of which two are national and six are multinational. For those six, we have some knowledge they do not have.

Are you still searching for partners on Brazil?

In special projects, yes. However, it's important to note that Torrent is not interested in a merger.

What are Torrent's plans for the next year?

We have a lot of plans! We are spending a lot of time discussing and analyzing, and are open for opportunities. When the Brazilian affiliate began, Torrent was present in 20-22 countries. Now we are in 80, just 10 years later. Even in the United States, which is the world's biggest market, we have been there for only five years.

You've mentioned your team and having a low turnover of personnel – but what keeps you motivated?

I love the pharmaceutical industry and I love what I do. I do what I love and I get paid for it. In life, you have to do whatever you like to do. That is my motivation. You have to be happy.

What is your final message for our readers about Brazil?

I would want them to know Brazil and the Brazilian market and that it is very attractive for investment, but that they need to know the market first before they invest or they will not be successful. There have been many companies that have come into Brazil and they want to do in Brazil what they are doing in their own countries. They think that, as a very big country, rich in many natural resources, it will be easy. That is not correct. Companies need to understand Brazil before they invest.

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