Interview with Christian Quiroga, General Manager, Baxter Chile

29.07.2012

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Baxter Chile established itself in the country through the acquisition of a local manufacturer in 1995. What have been the main challenges for the company as a local manufacturer?

Chile is a market with many opportunities. For Baxter in Chile, our biggest challenge is maintaining a competitive pricing strategy while also providing superior high-quality products. Our manufacturing facility produces concentrates used to prepare dialysis solution for patients with end-stage kidney disease. These patients depend on dialysis to survive. Local manufacturing enables us to produce these life-saving and life-sustaining products at a competitive price.
This was the idea when we acquired the plant in 1995 – to supply high-quality products for the local marketplace at an accessible price. Today, we also export products to other Baxter facilities in Ecuador and Central America, but that only represents about 10% of our total production. The rest is entirely for the local market.

Marcelo Rozas in Argentina mentioned that Baxter's success in that country was highly linked to the government covering critical diseases under the public healthcare plan, especially therapies for hemophilia and dialysis. Similarly, how has Baxter's portfolio developed in Chile?

The Chilean market for Baxter is very different from the one in Argentina because our operations are divided almost equally among our three main businesses – bioscience, medication delivery and renal – while in Argentina, bioscience represents the majority of their total revenue. In Chile, bioscience products, which include therapies for hemophilia, are awarded on a tender basis, and

represent one of our greatest growth opportunities. We are planning to increase our presence in all three of our main businesses, but especially in this area.
In renal therapy, we are the market leader in products and services for peritoneal dialysis, a home-based therapy for people with end-stage kidney disease that Baxter helped pioneer about 30 years ago. We also are a leader in parenteral, or intravenous, nutrition. Since my arrival as general manager in Chile in mid-2010, my aim has been to achieve growth by introducing new products across all of our businesses. There are many opportunities to further diversify the portfolio of products that we offer.

The Chilean pharmaceutical market is known for its highly competitive environment, led by generic manufacturers that produce very low-cost products. Silvio Gherardi of Baxter Italy mentioned that Baxter has adopted a strategy of providing the best quality but not necessarily at a higher price. Given this approach, how has Baxter been positioning itself in the Chilean market?

As I mentioned earlier, one of our biggest challenges is providing the best quality products in a very cost-conscious environment. Our local manufacturing helps us do this for the products we manufacture locally. A broader challenge is to build our credibility and overall image in the marketplace as one of the most important players in providing products and therapies for critical diseases. In addition to our current portfolio, we will emphasize Baxter's investment in research and development, aimed at developing new and better therapies for hemophilia, kidney disease, immune disorders and other critical conditions. The image we'd like to convey is that of an ethical, global company that provides a diverse array of products and services that save and sustain lives.

According to Baxter, what should be the priorities of the public health authorities to improve the Chilean healthcare system?

I don't believe that Chile's regulatory environment is in drastic need of improvement. It is relatively easy to bring new products into the Chilean market. The registration processes are efficient and the regulations for distribution and commercialization are structured and clear. In this sense, the authorities have developed a system that is modern compared to some other countries. Perhaps one thing the ISP can do to improve its activities is invest in collecting clinical data and improving the overall transparency of the healthcare industry. This will also require an increase of pharmaco-economic data to monitor the commercial activities of the entire value chain.

In an effort to streamline the Chilean pharmaceutical industry, the authorities are planning to alter the way CENABAST operates by delegating the responsibility of delivering pharmaceutical products directly to the laboratories. How will this affect Baxter's operations?

This is a serious issue for us because it doesn't take into account differences in transportation costs to deliver a product to one customer versus another. The way this proposal currently stands, we would have to sell a product to CENABAST at a specific price regardless of whether we were delivering it to a hospital just a few kilometers away or a remote hospital more than 3,000 kilometers away.

Baxter products manufactured in Chile are also exported to Ecuador and Indonesia. As an export center for the company, what plans do you have to further expand export capacities?

Our local manufacturing is relatively limited compared to the diverse array of products Baxter represents, so I certainly would not consider us an "export center" for the company. With the expansion of Baxter manufacturing plants in Asia, we are considering ending our exports to Indonesia. As for increasing exports to other Latin American countries, this is something we've considered, but right now our priority is serving the Chilean market and increasing the number of products we sell here.

Chile is an attractive environment to conduct clinical trials. Is Baxter taking advantage of this environment to conduct clinical trials in the country? What partnerships has the company developed with academic institutions in order to foster research?

Currently we don't have any ongoing clinical trials in Chile, but it is something I believe may be worth considering in the future. As you say, Chile offers opportunities for clinical research because of the professionalism of researchers, the structured regulations and the overall stability of the country. Because we don't have any clinical trials at the moment, we have not developed research partnerships with academic institutions. The only relationships we have are with the users of our products, such as hospitals and clinics. We do have a partnership with the Universidad Catolica, but this is more at a commercial level, where we help support a renal center providing dialysis therapy to renal patients.

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

I see a very positive future for Baxter in Chile. As I've mentioned, there are three drivers of growth that we're focused on: 1) increasing the number of Baxter products in the market; 2) managing our pricing structure to match the quality of our products; and 3) improving our image in the local market. Baxter is a world-class company with high-quality products, a substantial R&D pipeline and talented people. The components for growth are already in place. Now what is necessary is to grow the business.

What is your final message for our readers of Pharmaceutical Executive about the commitment of Baxter to Chile?

Baxter’s commitment to Chile is the same as the company’s commitment to its patients all around the world. Baxter is committed to providing high-quality products that save and sustain lives. The company balances this with equal regard for ethical conduct and concern for the environment and society at large. This is our culture worldwide, and one we wish to reinforce here in Chile.

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