

# Interview with Rubens Pedrosa, President, AstraZeneca Brazil

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28.07.2012

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## **What have been some of the recent milestones and achievements contributing to AstraZeneca Brazil's status as the country's fastest growing MNC?**

What happened in the last 10 years was a very productive combination of excellent products being worked by talented people with the right level of investment. This is what made AstraZeneca Brazil, from 2005 to 2010 the fastest growing international pharma company in Brazil. During this period we were able to launch most of our mega-brands, as we refer to them in AstraZeneca – Nexium, Crestor, Seroquel – and those products, of course, have lots of merits. They are great products, some of them indisputably the best products in their categories.

But together with that, if there was any particular success factor, was that we teamed with the right people and they were able to deliver those products to the market the right way. And when I say the right way, I mean the tremendous job of creating and executing marketing strategies and tactics that were supported and endorsed by our global strategy. But at the same time, those initiatives were also designed in terms of execution to meet very specific local needs.

Another interesting dimension of this work was the distinctive commercial and marketing capabilities that, in my opinion, have been a big differentiator during those years. For example: working those products along their lifecycles allowed us to become very sharp in terms of segmentation and targeting. It has allowed us to really understand marketing needs by understanding specific market insights.

Combining all this with the adequate level of investment and adding the dimension of our corporate values like compliance, transformed our business shape in Brazil over the last decade.

**Obviously there are different ways and strategies to grow. Can you talk about specific strategies and how they have been rolled out successfully?**

To start, we should recognize that AstraZeneca was, is, and continues to be committed to bring prescription products to the market which aggregates a strong element of innovation. Innovation is our DNA.

The basic difference between what we have done in Brazil compared to other companies is that, while we recognized the demands of a highly commercially oriented market, we added to this perception our belief in strategic positioning prescription products that have a significant component of innovation, using capabilities that also belong to the commercial side. This is probably what makes us different.

Having a great product like Crestor is not enough if you cannot find the right healthcare professionals among the 300,000 doctors that we have in Brazil serving 200 million potential patients. Having this great product alone does not make the whole thing happen if you are not able to understand who those doctors are and who is really interested in prescribing innovative medicines. On the other hand, there are portions of the population that cannot afford innovation due the nature of our out-of-pocket market.

Also important is this local understanding of why there is a potential for innovation in certain segments and how local execution of strategic initiatives allow us to optimize the uptake of those products in the Brazilian market.

**Keeping on the innovation point: When we saw Mr. Visconde yesterday, he was saying that for the long term success of pharmaceuticals in the country you need at least one of two things. The first is innovation, and the second is chemistry. And he was saying that really Brazil is not very strong in either of those two areas. How do you react to that, being a company that as you said has innovation in its DNA? What role does Brazil, on the innovation side of things, play for AstraZeneca?**

I think Brazil can play an increasing role throughout R&D capabilities. We are seeing more and more interest from diverse R&D segments to understand how we can use Brazil as a base for more clinical research, as an example, and we are playing in that particular arena in order to strengthen our presence in the country. When it comes to the commercial side, the role of innovation in a country like ours is ultimately entangled with the rise of a potential new pool of consumers that will be willing to pay differentiated prices to get differentiated products. And I think this is one of the most important aspects of the development of innovation-driven companies in emerging markets. This phenomenon, that the finance media refers to as the rise of an emerging middle class, will bring to out-of-pocket markets a whole new pool of potential patients that can, for the first time, benefit from innovative products that have the potential to make a significant difference to the treatment of certain diseases and make a significant difference to their lives.

## **What role do partnerships play in this? What is the nature of your partnership activities here in Brazil?**

This is still a somewhat unexplored front, particularly around innovation in R&D. Brazil has excellent academic centers dedicated to biological science, but those islands of excellence have not yet attracted, in my view, the deserved attention. Also they are not yet fully contributing, like in other countries, as potential partners to engage in R&D development.

There are many reasons why those partnerships are not yet delivering relevant results in Brazil. But I think it is a question of time. It is also a question of adjustments around regulatory issues, as well as building a common understanding between the role of academia, the role of private and venture capital and the inherent risks and costs that are involved in going through research. I think it is a matter of time before Brazilians put that together, in order to offer the potential that we have in R&D to organizations that would certainly be interested in this capability.

Like in other emerging markets, for example, there is a lot of interesting research around typical, high-prevalent or neglected tropical diseases. This fact has started to call the attention of multinational companies. Likewise, there is plenty of interesting basic science research in places like the University of Sao Paulo and other academic centers of excellence. More recently, private centers started to attract capital and I think it is just a matter of time before they are aligned to the needs of venture capital investors and flourish.

When it comes to pharmaceutical technology, Brazil has already dominated a significant part of this knowledge and the growth curve of generic companies over the past 15 years is a proof of that.

With few exceptions, Brazil has mastered the cycle of galenic transformation in order to transform an active principle into a finished product. There are plenty of examples in that particular area.

What we are missing, and we have been missing it for a long time, is the commitment of going one step downstream, towards API production, and attract true partnerships in this field, because I do not believe in starting from scratch in those areas. This potential business will allow Brazil to move forward in terms of developing its capabilities into other parts of the value chain.

In that particular field there are positive discussions going on, although very new to all stakeholders, but there are a lot of people interested in trying to make it happen. These are the public-private partnerships around some strategic products where the Brazilian government has a special interest.

There is less interest in developing the productive chain of most pharmachemicals and small molecules because it would probably not be cost-effective anymore. Most of those substances have become commodities and, in my opinion, there is no value in being the 20th producer of amoxicillin!

But one step in the future is probably in the direction of biologics and more sophisticated chemical entities, where Brazil still has a chance to develop a kind of a base industry that could ultimately bring API production capability to the country. I personally believe this should be preferably done

by partnering with locals or partnering partially with the public sector.

**You mentioned before some of the strategic drivers that had led to AstraZeneca's success. You mentioned having a world class product, the right people, and finally strategic investments. Can you speak about some of those strategic investments and where you have directed that capital here in Brazil?**

During the last years, basically after the merger of Astra and Zeneca 12 years ago, I think the level of investments that the Brazilian affiliate and our headquarters agreed upon were firstly directed to sustain our ability to keep working as an integrated company – and by integrated company I mean a marketing and sales organization that also has local production capabilities – which gave us certain levels of flexibility and certain levels of cost management opportunities that are important for the health of a P&L in Brazil.

Then we invested a lot since 2005 in attracting, retaining and training the right people in sensitive areas of marketing and commercial. Interesting enough, those investments were never only quantitative. I tell my team here that I am not interested in having thousands of people working in the field for AstraZeneca. But my ultimate goal is to have the right number of the best-of-the-best people. And then, there are lots of things related to that investment. Training is one of the pillars. It's also important to create a distinguished and positive working environment. And we are proud to be recognized and ranked among the best in Brazil for that, not because of compensation policies or attractive package of benefits. Being one of the best companies to work for is about a conjunction of right behaviours with investments in the right assets, particularly in the human assets, through recruiting, training and creating a set of values that people can really identify with.

**Putting all that together then, what does Brazil mean for AstraZeneca?**

Brazil today represents 40% of AZ revenues in Latin America. We are among the countries where AstraZeneca wants to win in terms of emerging markets, together with China and Russia for example, a critical market where AstraZeneca has made a commitment to create a leading position in the healthcare business.

Within AstraZeneca's space, we converted products like Crestor and Nexium into success cases for emerging markets. Of course there is a different dimension when you look to the revenue of a product in Brazil and the revenue of a product in the United States. But it is not only a matter of sizing; it is a matter of how you manage those products to bring them to the top-ten ranking, which we have been successfully doing, up to the point where we have received a lot of attention from our competitors. And I think there is an intrinsic value in that.

Take an example that has happened recently. We have developed this internal capability around marketing excellence, and now Brazil is the first country in the Americas to launch Brilinta.

**Which has yet to receive approval in the US?**

Remark: A couple of weeks after our personal meeting in São Paulo, Brilinta also received FDA approval.

Brazil was the very first country outside the EC to receive marketing approval for Brilinta and we just launched the product three weeks ago. Those are the things that make us feel proud. The opportunity of handling a global brand like Brilinta, and everything that Brilinta means in terms of its potential to save patient lives and its potential to be a real relevant new solution in this market of anti-platelet agents, is unique. And having the opportunity to handle it firsthand in an emerging market like Brazil it is a sign of the growing importance those markets have.

**Looking five or ten years in the future, where do you want to bring AstraZeneca in Brazil?  
What are your ambitions and goals?**

Let me qualify that, because I do not want to talk about ambitions only in quantitative terms. Our ambition in Brazil is to be recognized as the multi-national company that remains one step ahead of the competition when it comes to bring innovative products to healthcare professionals and their patients using innovative market access solutions.

In quantitative terms, if you want to put that into perspective, in five years we want to be among the top five in Brazil. For us to achieve this goal there are three things we need to work out during this period.

Number one is to maximize the value of our brands; both the existing ones but also the new portfolio. In the next 12-24 months Brazil will probably be involved in the launch of 3 to 4 new products. We also have positive expectations related to our diabetes franchise, that we are developing in partnership with Bristol-Myers Squibb in Brazil. We are excited with the opportunity that Vimovo can bring to emerging markets. We shall also be entering into the rheumatoid arthritis segment through partnerships.

The path for the next five years will certainly be related also with our ability to manage the inline portfolio using the commercial capabilities we created during the last years, applying innovative approaches to communicate with our audiences.

The second challenge does not apply specifically to AstraZeneca but is a challenge for everybody that is operating in Brazil. I think there is a common challenge in how we improve market access and how we take our excellent products one step ahead in terms of offering them to different portions of the population. This is not only about pricing. People tend to reduce this discussion to pricing, but it is not about pricing – it is about access. It is about creating mechanisms, that do sometimes work in concert with pricing, which grant access to innovative products to an expanded base of patients, whether already in your portfolio or about to be launched. The reality is that Brazil will remain an out-of-pocket market for quite some time still.

It is true that the public sector is gaining increasingly importance and we need to find a way to work productively with the public sector in order to fulfill together this vision of access.

This combination of portfolio management and expanded access is probably the most important element enabling us to achieve our goals.

Another part of this discussion is that you cannot simply offer everything. We have our priorities in terms of R&D, and nobody in this industry researches and develops products for the full range of possible diseases.

Astra Zeneca has announced in global terms our intention to enter certain specific areas of branded generics in order to complete our portfolio, and we see business development activities, like licensing and partnerships, as the third most important step to achieve our local ambition.

**You've worked in multi-national companies and Brazilian companies in different departments – from technical to sales, from general manager to president – what is the thing that keeps you motivated?**

You have probably looked to my CV and noticed that I have a technical background. And I chose this technical background many years ago, when I was 17 or 18. What excite and motivate me now is what it used to excite me then: I want to be part of something that really delivers enhancements in terms of healthcare and in terms of fighting diseases. And ultimately, as the years passed, I chose to be part of this healthcare world with the firm belief that you can only make that happen through innovation.

Although in my professional life I have experienced different parts of the business in different areas, I think my motivation is still linked to the fact that launching a product like Brilinta will make a lot of difference to patients. And not too many people can say that.

**What is your final message for our international readers?**

I think the message that I can share, sitting where I am sitting, is that the pharmaceutical business is going through a lot of change. And it is going through a lot of challenges also, both in the technical the commercial areas. I think that, as we keep walking on this road, we have to make sure that we understand what those new times will demand from us. Because what they will demand is certainly a keen eye on innovation, but also a very important understanding of how we can serve a bigger population with those extremely important products that we make, which brings me back to the full circle of the market access discussion. At the same time, we must care about doing this the right way in reputational terms. Innovation, access, and doing business the right way are the topics at the top of the agenda.

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