

# Interview with Bertrand Baron, CEO, Sanofi Mexico

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## **Sanofi acquired Kendrick in 2009. Obviously the thinking behind it was to diversify your products into pure generics, but what were the expectations for the move?**

We have a diversified strategy focused on patient's needs. As a leader in the industry, we changed the way we see and understand healthcare. We identified the opportunities of growing markets such as branded generics and pure generics. Kendrick was clearly the anticipation of the worldwide trend towards generics, so we acquired the company to get into that market. Generics will continue to grow in Mexico for many reasons: firstly we are at the end of the patent cliff and it is said that the market will lose \$600 million USD of exclusivity just in Mexico; secondly, there are some very marked socio-economic differences

The generics market is quite confused here compared to other markets because there are branded generics, pure generics, and then the private labels, which is quite different from the rest of Latin America. At Sanofi, we are trying to compete in all the segments which is why we introduced Medley last year to also compete with branded generics.

In Sanofi we believe there is a huge market, and generics were a piece of the market that we were not tackling. Now we are doing it with good quality brands, guaranteeing quality to both the physician and the patient. If you look at market studies and surveys, physicians are very careful about the quality of generics so we offer accessible brands at a reasonable price. There is still a space for branded generics.

There are many misunderstandings about the Mexican market. For example, the growth of the Mexican market audited by IMS Health shows a growth of 3.2%. If you compare that to the rest of

the Latin American market, they are all experiencing double-digit growth. So why is this not happening in Mexico? I believe growth is much higher if we consider the non-audited market, which is a huge chunk: we believe that at least one third of the total market volume is not included.

We cannot find two people who give us the same answer about the size of the market in Mexico...

That is because there is an important part of the market with its own distribution system that is not audited, and it is growing very fast.

**How has Sanofi's share of the institutional market shifted since the acquisition of Kendrick?**

The public business environment, as well as the private one, is well in line with Sanofi because we are a diversified healthcare solution provider with a large portfolio and we are constantly searching for new business opportunities.

We are growing in the public market offering diversified health services which are enriched by Kendrick and Medley products.

**Sanofi has its fingers in a lot of pies and a lot of things on its plate. Now the trend seems to be getting into niche markets. Is that something that Sanofi has thought about?**

The strategy implemented across the company at a global level is diversification. I believe that Sanofi in Mexico is a perfect example of what we are as a diversified healthcare player because here we are playing in all the markets: human vaccines, consumer healthcare, biotech, rare diseases, innovative products, generics, and soon we will be in eye care. We are in several health areas, but in all we have a clear and strong focus on the patient.

**One of Sanofi's major strengths is on the vaccine side. In 2008, Sanofi invested \$127 million USD for a huge vaccine center in Mexico. Why was Mexico chosen?**

Because we believed that all the necessary characteristics are available here and there was also a very strong alignment between the Ministry of Health's vision, and what we were able to provide. The Mexican government has one of the most complete vaccination programs in the world because it has always focused on public health and disease prevention, both of which are common goals to Sanofi.

Today we are producing the first antigens for the flu vaccine in Mexico in our new plant, which will be included in the 2012-2013 vaccines in Mexico. It is the first vaccine produced for Mexicans, in Mexico.

**Can you give us a quick overview of Genzyme and their activities here in Mexico, given that Mexico is at the forefront of biotechnology regulations?**

Genzyme, a Sanofi company, started in Mexico at the end of the 1990s, while our pharmaceuticals have been here for more than sixty years. So rare diseases are a relatively new market in the country and we are currently in a growth stage.

Treatments for rare diseases can only be applied by identifying the patient first, and Genzyme has made a lot of effort in improving diagnostics in the country, but there is still a lot to do. As you educate the population and the physicians, more people are going to be identified with the disease which indicates more success for the future. Therefore, Genzyme is collaborating hand in hand with NGO's, the government and other institutions in order to increase diagnosis and access to treatments.

Changing direction now... When we interviewed Sanofi in Brazil we found out it is the biggest production center outside of France for the company. With the suppression of the manufacturing plant law in Mexico a lot of companies are reassessing their manufacturing in Mexico...

That is not the case for us. Today we have three manufacturing sites in total and we strongly believe in increasing our business in Mexico. We made a major investment to produce flu pathogens; but our manufacturing is not only restricted to flu, it is a very large plant for traditional pharmaceuticals and can produce 160 million units and also used for multiple product fabrications. Within two years, we will be able to produce more than 1,000 products there. It is also an exporting plant, not only for Latin America, but for the rest of the world and soon we will export to Russia and the Middle East.

**Why is Mexico a good place to have such a large manufacturing presence? What qualities does it possess?**

Mexico has a strong position not only in the local market, but also for exports. Today we are exporting to Venezuela, Columbia, Brazil, Chile, Peru, Argentina, and many other Latin American countries.

We have our own tradition here and we are pleased with our manufacturing: 80% of what we sell in terms of volume is coming from our local plant. I would be shooting myself in the foot if I withdrew our Mexican plant, and Sanofi wants to continue contributing to strengthening Mexico's health infrastructure. Our facilities in the Country benefit public health in Mexico and in the Latin American region.

**Nicolas Cartier said that Mexico was 'key' for Sanofi clinical trials. Please can you tell us more about this?**

Last year we did 102 clinical trials in Mexico with almost 1,000 researchers participating.

Mexico has been a significant participant in one of our most important R&D projects which is the dengue vaccine development, and once again, this vaccine will be an example of how Sanofi contributes to solve public health burdens in many countries, including Mexico.

We host many clinical trials and we are leading R&D in Mexico and in Latin America: all of Sanofi's research in the region is managed from here.

**When we spoke to Carlos Baños of Eli Lilly, he said that they usually launch products simultaneously in the United States and Mexico, and that Mexico is one of the first affiliates to receive products in the pipeline. Is this the case with Sanofi?**

Mexico is an important market and we work hand in hand with authorities and health professionals to bring the newest solutions of our portfolio to the Mexican population

**You are 100% French but a nationalized Mexican. In terms of HR, how do you find managing in Mexico?**

Mexico's richest talents are its people and the country's culture. People make results possible and our leadership in the Mexican market which represents nearly 100 years of contributing to solving health problems in Mexico, is clear proof of the talent of Sanofi employees in the country.

**When we come back in four years' time, where are we going to find Sanofi?**

It will be the number one company, and the most diversified pharmaceutical company in the market. Competitors, patients and employees will admire us for what we are doing. We will be a company that is clearly focused on the patient.

**As a final message, you said Mexico had a lot to offer?**

Yes. Mexico has a very strong, stable macro-economic situation, Mexico has lots of legal certainties which are good for business and investment, and it is realistic in terms of market growth: a stable and solid country.

**Do you think Mexico will one day overtake Brazil again?**

I am very optimistic about Mexico's future because of its macroeconomics and its willingness to do things. Mexico has extremely strong foundations.

I am sure Sanofi will continue to invest here. We are always looking for new acquisitions because that is a big part of our strategy- we are always open to new opportunities. Kendrick was clearly one of those, as was Medley. In India last year we purchased a CFC company and in China we purchased BMP Sunshine. In the Czech Republic, we purchased yet another company. It is part of our strategy, and this is how we continue to offer health solutions focused on patients' needs.

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