Interview with Francisco Molinari, CEO, Amega Biotech

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What was the vision behind the creation of the umbrella organisation Amega Biotech in 2005? What led you to consider setting up an organisation with this structure, and offering these services in particular?

When we started Amega, the idea was to exploit this argentine know-how that had not been touched in Latin America. Secondly, the aim was to be competitive in terms of cost in parallel with Asian markets. Amega Biotech has 20 to 30 employees, while maintaining a highly competitive level. Our staff consists of people trained in Argentina (where we have a great education) but also people being trained abroad, who have brought back the latest knowledge of technologies and are putting this knowledge at work at Amega Biotech.

On top of having the know-how, which was not present in other Latin American countries at the time, Argentina was the only country that had a history of producing biogenerics. It had been doing so since the early 90’s with local production of APIs. This is when we acquired GEMA, a company in the Roemmers group combining biotechnology and research. GEMA is now at the head of the Amega group. Amega later acquired two smaller companies, dedicated to locally producing proteins for biosimilars. These companies did not have the volume or resources to grow to the next level in terms of investment, infrastructure and regulatory status. By joining all these companies together under one umbrella, Amega Biotech became a stronghold in the biotechnology sector for the region in a very short period of time.

How has the company grown and developed since this time? How has it been capitalizing on its unique location in Argentina?

One of the advantages Amega Biotech benefited from in the region in terms of biotechnology, is that successful companies in the market know how to survive on a daily basis. If a company is not successful it does not make money, and thus cannot invest and will ultimately cease doing business. Since there are very little funds available from banks and other resources, unlike many other markets, the first world represents a very generous opportunity to Argentinean companies. It is an opportunity that Amega is targeting. First world markets are not particularly easy to enter, as it requires a company to overcome a lot of barriers that they did not have to face before, but we do not doubt our abilities in achieving goals. As an Argentinean company, given the resources and the time, we can get there just like any another company located abroad, and we will do so at a lower cost than most.

Argentina has an impressive technological capacity to be capitalized on, and in some cases some regulatory capacity as well. Producing biosimilars for markets north of the equator is not an option due to current regulations, which is not the case Argentina, where biotechnological products are only regulated a little more stringently than more common pharmaceutical products. However, Amega knew that it would not be too long before the doors would open to new markets. This is precisely what is happening today: we are starting to have the same regulations in developing countries as the requirements found in Europe and the USA. This is a great advantage for Amega Biotech as it gave the business a head start that the US and European companies do not have.

Biotechnology is a business where experience and time are crucial elements. It requires fine tunings and excessive learning, as every cell is unique. Thus time becomes money. This is an advantage Latin America had, and especially Argentina, because it already possessed companies in the field, even if they were not very developed. The people that work at Amega Biotech have been in the industry for generations, giving the company a clear lead due to our expertise, and this enabled us to better capitalize on Latin America and other unregulated markets from Argentina, whilst at the same time prospecting towards regulated markets.

For a long time, Amega Biotech has kept itself as somewhat of a secret. It is a privately held company, where not much marketing was done until regulations enabled more sophisticated markets to partner and take part in the company’s activities. This coming out process has been taking place since last year and Amega Biotech is exposing to the world a different activity and a level of technology in Argentina, surprising many regulated countries.

You have an international list of strategic partners. What makes Amega Biotech their partner of choice?

In biotechnology, regulations are extremely complex. With this in mind companies understand why partnering with the right company is essential. Amega Biotech is a partner that can handle all the information a normal pharmaceutical company cannot. It is crucial to find a reliable source that companies know and can trust.

We have a very flexible business model as we produce around 8 APIs in various different iterations. Partnering with another company ultimately leads to a technology transfer, especially in this field. It is fundamental to feel comfortable and being able to rely on this same partner. On top of this, Amega Biotech has an expertise that nobody possesses, not even in the US. We have been selling generic EPO since 1998, and have accumulated knowledge from our scientists on how to produce and handle this technology.

In terms of the US and Europe, the fact that we are western thinkers is a key advantage over the other companies from China and India. If we are competitive in terms of prices we have the key advantage of culture. We thus have a great opportunity for a reverse take-over of the market from below the water above to the surface to western countries.

How would you describe the Argentine pharmaceutical market?

Argentina, apart from being an interesting market, has always been in one way or another the leading market in terms of technology for local companies in Latin America. The reason Argentine companies have always had over 50% of the market share in the country is because they are very competitive. This is due to numerous reasons, such as patent situation or the particular market approaches that the companies possess. Argentina has always found new and innovative ways of creating products at cheap prices, making it a sophisticated market for companies to enter into. It is very competitive, very tough; it requires a certain knowledge and an open mind to understand the different submarkets.

How do you rate the potential for Argentina to become a Latin American hub and centre of excellence for biotechnology?

Argentina is already a hub of biogenerics, now the danger is to lose this prime position. Even though these last years the government, at least in terms in technology and science, shook things up a bit, the industry still has many flaws. There is a bad habit in the market of taxing the player who produces, the one who invests instead of encouraging it. It is a pity the know-how is not

exploited to its full potential like in Brazil where innovation is promoted. It is an important aspect we still need to integrate as a country: having a broader perspective of science.

Argentina needs to stop being afraid of expanding and exposing itself. Up until now there have not been many cases of argentine products or innovations recognized on a global framework. This is due to our informal market which needs to be formalized through regulations and time: a whole learning curve for Argentina.

Our readers are international managers based all over the world. How would you describe your management style, and what are the keys to success as a manager in Argentina?

The key is to be eclectic. I was trained in the conservative and traditional way myself but in Latin America and especially in Argentina the style must be of a friendly nature. Management is done in a friendly manner where you need to communicate in an open way to people and build teams where information flows clearly. Communication has to be very transparent; especially when you are building a new company, people must show flexibility because new procedures and processes have to be realized all the time. In a company like ours, we also depend on a positive attitude and a motivated staff. We are eclectic in that sense: our approach to this project was to strategically multitask, which meant a lot of risk, but also the only way to do it in such a small period of time. This, in my interpretation, can only be done within a privately held company: where the company is a private gamble.

What would be a dream future project for you?

I like dreaming. This company to me is my dream, and I am glad I converted people to my religion. I have tried to do processes and products which are not only commercially successful but most importantly, done in the right way. Being able operate with a timing advantage meant that we needed to invest in structures and people. As much as I enjoy having a vision, I like generating groups of people that can grow with the project and the company.

What is your final message for the 40,000 readers of Pharmaceutical Executive, including potential future collaborators, about Amega Biotech?

Don’t neglect looking into the Latin American market, especially the Argentine one. We survived the worst crisis, we know how to find our way around and we know how to solve problems, as our market is not the typical patent and generic market. We have a know-how that you will not find at this price anywhere else in the rest of the world.

Look down and do not be too prejudiced about what you can find here: it is not just beef and football. There are very sophisticated groups of people thinking and solving tough problems on a daily basis, so do not be too hasty in pushing us aside.

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