

# Interview with Abel Guillermo Di Giglio, Pharmaceutical Business Director, Elea Laboratory

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## **Could you briefly explain your history in the Argentinean pharmaceutical industry?**

I began my career in the pharmaceutical industry as the Marketing Director at MSD, where I worked for 17 years. I then moved from MSD, to become the Pharmaceutical Business Director for Parke Davis, which was part of a license from Warner Lambert to an Argentine group that was also in charge of Elea. At the end of 2001 the group faced the challenge of merging both companies. For the first time in the history of this industry, both companies were merged successfully without reducing personnel. We promised the owners that 1+1 would lead to 2.1 and not 1.5, and we were able to achieve this objective within 6 months.

At that moment Warner Lambert approved the merger of Park Davis and Elea, to form a single company. Elea became the seventh largest pharmaceutical company in Argentina, and today is placed fifth in the country's rankings. Elea is a vertical company, which is integrated with Interbelle Cosmetics, a pharmaceutical company focused on OTC products.

## **2007 was a great year for Elea in terms of growth, and you said in an interview that 2008 was going to be a year of consolidation. How did that impact your operations?**

Elea was originally a women's health company, the second largest in Argentina after Schering. After the merger, we had two products from the Parke Davis line: Lipitor and Epamin. Behind those products we decided to build a whole product line in cardiology and neuroscience. In the space of four years we introduced approximately fifty new brands. Ten belonging the OTC segment, and the

remaining forty brands were cardiovascular products that were a complement for Lipitor, and new antipsychotics and antiepileptic products.

It was a great effort for the company after 2002. You can imagine: each month, two or three products were being launched. We built a very strong strategic area in the company focused on both the products and the doctors we were selling to. Elea's strategic planning, focus, and targeting is very sophisticated; it's the only way that a company could have fifty products in promotion like we have at the moment.

Elea is also a company with its own future pipeline. We're actively developing vaccines: we have vaccines for breast cancer, for lung cancer, and also diagnostic tests to be used as preventatives. All of these products are in different stages of clinical development. Because Elea is a national company with limited resources, agreements have been reached with worldwide companies in order to help the company get these products to the market. One of the other areas where Elea is working extremely hard is in trying to improve the way that some products are developed: for example, the company is looking at ways to reduce the dosage of some cardiovascular products from twice a day to once.

The third strategic area for Elea is in- and out-licensing with multinational companies that are not represented in Argentina, and trying to license-out some of our strong expertise in women's health products such as contraceptives and hormone replacement therapy, which are drugs that can be very difficult to produce. Elea is a very competitive company in the licensing market: we have had the license from Parke Davis for more than 20 years, and this is a proof of our abilities when we say we are good partners for multinational companies.

**Argentina is a unique market because 55% of companies are local companies. What is the explanation behind the success of the national companies?**

There are a few reasons behind this success. For multinationals, the promotional investments can often be very high. Many of them need to import products for sale and promotional samples from foreign countries in which the cost of production is extremely high. Since the national companies such as Elea produce locally, we can give out many more samples, and sell our products at lower prices. National sales forces are bigger than those of competing multinationals, and they promote a higher number of products. Multinationals usually depend on their pipelines to introduce new products. For a multinational it would be impossible to introduce 45 products in a 4-5 year period. National companies can also allocate a higher percentage of resources behind their brands, and that is probably the main reason why national companies in Argentina have such a large share of the market.

A good example of this is the osteoporosis market. While there are three original brands, there are more than 20 brands launched by national companies that are marketed at significantly lower

prices.

National companies are very simple, aggressive, focused on the market, and make very fast decisions. Coming from a multinational, this particular aspect is very clear to me. To defend a lower local price, against the worldwide price, a multinational company needs to complete an analysis, write to headquarters managers, and spend a lot of time to convince them of the need to sell the product at a different, lower price. This is why national companies in Argentina are very strong and very aggressive.

**A lot of Argentinean national companies are very comfortable simply existing in their own market. However, Elea is pushing to internationalise its brand. How difficult is it to begin, being an expert in this market, to translate your success abroad?**

There are few countries where ELEA actively participates in the marketing of its products abroad. In many others, the marketing efforts are managed by the local companies that we have given our license to.

**How does Elea select its export markets?**

The company looks for markets where it has a chance to succeed. With women's health there are many countries where the only companies selling products are multinationals. These markets are an opportunity, as we have extremely good and highly competitive products. This is always where we start when looking for an export market. Then, depending on the country and our local partners, we analyze the introduction of other own products.

**How important is your brand recognition in Argentina for your success?**

Elea was traditionally recognized as a women's health company, not as a cardiovascular, vaccine, or a neuroscience company. So, after the merger we spent the first two years trying to build an image that was focused along our strategic lines. When we first started this activity, Elea sales reps were going to see cardiologists who did not think of the company as related to cardiology. Now, with Lipitor being promoted by Elea, we build behind this brand a whole cardiovascular portfolio. After two years, Elea was recognized by cardiologists as the fastest growing company (positioned 3rd by IMS), and one year later, by psychiatrists and neurologists as the 6th largest neuroscience company. It took a great effort and investment to create this image in those specialties.

**Your work with the universities of Buenos Aires and Quilmes, Institute Roffo and Garrahan Hospital, and the Academy of Medicine to develop a vaccine for lung tumours is very impressive. In many other countries, we have seen PPPs work as an excellent way to boost R&D. Do you believe Argentina is ready to see its first successful PPP with a local pharma company?**

ELEA is doing just this. For example, we have an agreement with CIPEIN, an army-related institution, and every year we develop new formulations for lice with them. We're extremely innovative in this area, and Elea has almost 70% of the market.

**How important are these partnerships and how do you think you are the pioneer on the Argentina's market for this?**

Well, Elea would not be able to proceed at various stages of research without these partnerships. We provide both scientific and economic support for the progress of these researches. There are drug and research committees that meet several times a year. Elea assigns human resources that help coordinate and evaluate the development of investigations.

**What does it take to be successful as a manager in Argentina?**

I think that in Argentina the success skills needed for a good manager lie in two areas: you need someone who can make fast decisions; research and evaluate effectively so as not to lose opportunities. Secondly, you need someone with vision, able to picture the future and work towards it with passion. In successful national companies in Argentina you'll always find passionate managers: they motivate people around them to work towards their company achieving the fastest growth, and are willing to push to succeed.

**What is Argentina lacking before it can finally start to deliver on its potential?**

Stability. Argentina needs to become credible, with long-term political rules. This will bring investment to the places where there are opportunities to be taken. Argentinean companies are sometimes unable to extend their business past the borders, as they have to manage the daily changes of economy and the market at home.

**What is your five-year vision for Elea?**

I always try to convince everyone that we can be the first company in Argentina. We have all the products and human resources to be successful in the market. We have vast expertise in products' licensing. Foreign companies think that it's not easy to start a pharmaceutical business in Argentina, because it takes great efforts to know the market, and a lot of capital investment in order to compete with very strong national companies. This is why we can be such a good partner for multinational companies. We also believe that there are some products in our pipeline that will have a very successful entrance in the market. Finally, we're very carefully but solidly starting the introduction of new biological products in some niches related to diseases like cancer or neuropsychiatric diseases. Those segments are characterized by having a very low number of patients, and very high costs of treatment.

Elea's biggest asset is a very professional, business-oriented team, with an optimistic vision for future growth.

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