Interview with Denise QUEIROZ, General Manager, Erowlabs

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You have 25 years of experience in the Brazilian pharmaceutical industry, witnessing the major transformations of this market and the fast emergence of generics. Regarding your background and experience at Erowlabs, what were the main challenges you faced in order to establish the company in Brazil’s extremely competitive generics market?

I started in the product development area about 25 years ago. This was very enriching to me because it gave me a good hands-on overview on how to solve problems in the production and regulatory area.

I joined Erowlabs as an Industrial Director in 2001, shortly after the company had been acquired by the Arrow Group. When I joined, it was apparent that we had to totally refurbish the laboratories and manufacturing areas to bring them up to standard. Following two years of hard work we received full approval of the facilities by the National Health Surveillance Agency, ANVISA, and had our GMP certificate. Shortly after that our first generic product was approved.

When we established our own Pharma equivalence lab in 2005 we were able to submit products faster and thus bring them to market earlier. Having our own Pharma equivalence was key because this allowed us to bring quality products to the market faster and at competitive prices. Since then we have introduced 22 generic products to the market.

Our operation in Brazil is based on the manufacture of solid dosage forms, which meet local and international sales demand. Erowlabs is approved by ANVISA and MHRA which allows us to export to Europe. We are also investing in Central America where we have already introduced 5 branded generics in Guatemala.

Our sales and marketing activities are focused on the hospitals segment, tender business and retail as well. With international R&D support from Watson, our parent company, we intend to improve our market share by launching new products, bringing more visibility to our presence in Brazil.

Adapting to the Brazilian market is a challenge and it is important to have access to local professionals who know the market inside out. This is a common issue for multinational companies; they need to understand how markets work in Brazil.

Brazilian legislation has changed dramatically in the past decade and now all products on the market must have a biostudy carried out against the Brazilian brand product. Following the introduction of the new legislation, Brazilian Pharmaceutical companies started to become very competitive and the tender business has increased, resulting in increased pressure on prices. To compete in this market the companies need to be efficient and have flexible business models. Many are now seeking opportunities in niche segments and also exploring ways to extend the lifecycle of their existing brands. We are also seeing increased cost containment in both the public and the private sector.

We have seen a rise in foreign players entering the market, for example from India, and an increased consolidation of businesses in the sector with the companies becoming larger and stronger.

After the Arrow Group was acquired by Watson Pharmaceuticals Inc. in 2009, I was made General Manager of Arrow in Brazil. Becoming part of Watson has enabled us to bring products from their strong portfolio and pipeline to the Brazilian market, and gain access to their strong R&D and manufacturing capabilities, further fuelling our growth here.

Brazil is a very attractive market, but it also poses great challenges for those willing to take advantage of it. How does Erowlabs cope with the increased competition in Brazil’s booming generic market?

We definitely intend to grow in Brazil and the Latin American region. Watson’s partnership with the São Paulo based sales and marketing company Moksha8, was in line with that strategy and is very important for the future of Watson in the region. Moksha8 markets branded products and branded

generics in Brazil and Mexico.

Erowlabs focuses on the unbranded generics business where we aim to be first to market with the latest generics and compete in the tender market. We can achieve very good cost of goods allowing us to be competitive in these areas.

We intend to introduce a number of new generics to the market and anticipate the future addition of innovator products and biosimilars.
The approval process for biosimilars is more complex than for generics and we are staying aware of developments in that area.

We are staying focused on improving our launch efficiency and effectively managing product life cycles.

With such a wide product portfolio, what are Erowlabs' main growth drivers in the Brazilian market?

We have a wide product range in many therapeutic categories. Our growth this year has been derived mainly from the CNS (Central Nervous Systems) category. We are capable of supplying products manufactured both locally and internationally, at a competitive cost.. The future growth driver is the significant pipeline we have with products in different segments and specialties that we are working to introduce in the near future.

Just as Watson Pharmaceuticals acquired the Arrow Group, do you see further opportunities for partnerships and acquisitions, in this case specifically in Brazil?

Watson is continually in discussions with a number of companies around the world to explore opportunities for making them part of the Watson family. Watson does not exclude anything; we have teams looking at regional opportunities, global opportunities, brand opportunities and biologic opportunities.

Looking towards the future, what are your main ambitions and expectations for Erowlabs in the coming years?

As a fully integrated global pharmaceutical company with a wide range of product opportunities and a strong pipeline, we intend to increase our presence in Brazil in generics, biologics and branded pharmaceuticals, bringing the products to market at competitive prices.

The partnership with Moksha8 provides a nice complement to Watson's commercial operations here in Erowlabs, while we implement our longer-term strategy to grow Watson's presence in Brazil, establish our presence in Mexico and develop a Latin America growth strategy.

What is your final message to the readers of Pharmaceutical Executive who are curious to know more about Erowlabs’ fast growth in the Brazilian market?

Brazil is definitely an attractive market with appealing growth prospects. It represents a challenge because of the increased competition, but we are committed to building our business here. 2011 has been an excellent year for our operations in Brazil. At the end of 2010 we were able to launch the first-to-market generic Quetiapine and branded generic Kitapen, which brought us excellent financial results. But, if there was any particular success factor, it was that we teamed with the right people and they were able to deliver this product to the market the right way.

We have a strong development pipeline, with very strong production capabilities, including API assets in China and India and manufacturing in Brazil, the US, India, Canada, Malta and Greece which helps us to control our costs, be on time with products launches and offer competitive prices.

We intend to expand our product pipeline with branded products, generics and ultimately biologics. So, the key thing for us at Arrow is to have a very good cost of goods for our products, and be first-to-market with the latest generics. If you are the first to market even in an unbranded business, we will remain in a competitive position.

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