

Interview: Luis Aguilera, General Manager, Deutsche Pharma, Chile



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Deutsche Pharma's general manager, Luis Aguilera, speaks about the company's long family history and growth ambitions t. Deutsche Pharma

commercializes its own brands and acts as distributor, supplying the local market with a variety of products for paediatrics and dermatology. Focusing on high value products, Aguilera has found partnering to be an indispensable part of the company's strategy.

For our readers that are not familiar with Deutsche Pharma, could you please start giving an introduction of the company?

In 1992 we launched the company in Chile with the objective to provide a commercial solution for German companies not established in Chile, Peru, Ecuador or other countries in the region. Hence, in 1995, Deutsche Pharma expanded internationally to Ecuador and in 1997 Sanofi acquired the company in Chile. I moved to Ecuador to continue leading the company there.

Initially the business aimed to represent companies and distribute their products. However in 1999 we decided to change our strategy. We understood by that time that the dermatology market would be our focus. We transformed the business in order to commercialize our own brands. We needed to find partners that could transfer us their know-how and expertise in pharmaceutical technology. I concluded an agreement with a medium-sized company in Argentina that was

producing and developing products for some pharma companies. Together with our partner we transferred technology to Ecuador and we could produce our own brands with an important added value. Moreover we established a good relation with Ciba Specialty Chemicals, concluding a co-branding for six years. During this process we entered the business of dermocosmetics and pharmaceuticals products. The company evolved until 2008; we received an offer from Roemmers, who eventually acquired the company.

In 2008, we reestablished the company in Chile commercializing our own brands. We gained significant knowledge in the field of sunscreen and skin cancer after living in a country with high ultraviolet radiation (Ecuador). In fact, thanks to aforementioned relation with Ciba, we concluded an alliance with Novartis for the co-promotion of two of their important brands (Lamisil and Elidel). Later on, we realized that in Chile there was a favorable legal framework that promotes sun protection at the industrial level. Therefore, we focused our efforts on that niche of the market.

How do you stay competitive in such a challenging environment?

In our first years we focused in a niche area, which was not explored by any of our competitors. Last year, we expanded in the pharmacy and prescription areas. We fully understand the market and will continue to concentrate our efforts to the prescription area, which is growing at a 35 percent rate. We understand that there are segments of the market that have unmet needs and that is why we are constantly looking for partnerships that will add value to our portfolio. In fact, we have partnered with a company from New Zealand and recently launched the very first bioequivalent isotretinoin (Douglas Pharmaceuticals), a medication primarily used to treat severe acne, in Chile. We always try to align our strategy with the market demand. We don't just compete in the market with prices only; we actually support scientifically our company strategy. Actually we count with two medical doctors in our science department. This allows us a more focused strategy in the scientific aspects.

What is Deutsche Pharma doing to communicate the importance of its products to the end consumer?

We launched massive campaigns with the aim to educate the end consumer. Generally, sun protection products promote their use by looking for the more esthetic alternative. Since the beginning, we backed scientific evidence that tanning is not healthy. We have the role of educating the community; we do it at the industrial level and also through the doctors with the scientific evidence we have.

That is why we have concluded partnerships with large companies; at the moment of designing a new product we follow the scientific evidence. For example, cosmetic companies design their products through the perspective of the consumers; we do it through the perspective of doctors (pathology).

In regards to addressing specialists, the communication is technical while communication towards consumers is more sensitive promoting protection to prevent skin cancer. Regardless, our objective remains the same; to promote protection against skin cancer.

Looking at your national coverage, in Santiago people are more certainly aware of using dermatology products but how will you describe the more remote areas in Chile, the ones that are far away from the capital. How do you reach those areas and how do you see the demand coming from the remote areas?

Since the core of our business is to protect against the sun, we have a permanent group of employees working in the north of the country. Our presence in the north of the country sets us apart from our competitors that only have representatives in Santiago. In Chile there are only 400 dermatologists, so it is practically easy to reach all these doctors from Santiago.

You mentioned that you are continuously looking for partners to distribute their products, what is your strategy to choose your partners and to pick the best products?

Our strategy is to deliver a very specialized service with scientific evidence and in line with that we recently signed an agreement with an important European dermatology company. We continuously look for partners that provide product with scientific backup. We do not want to create profit by volume. Our products are not cheap but high quality with a longer life cycle.

We are here with the second generation in your company, with your son as Medical Director, with all your experience what would be your most important advice that you give to the next generation?

We are company with family history but with the ambition to become a big company, which gives a professional touch. My advice is not to bring family for personal reasons, but for strategic choices in line with the company's vision.

What is your ambition for the next five years in the company?

We are interested on projecting the company with the potential of growing and expanding internationally. The market has the possibility to grow; it is economically and politically stable. We

do not want to portrait the company as a safety family spot. We have an open mind with strategy vision for growth.

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