Pfizer Argentina Region – Edgardo Vazquez, Country Manager



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Edgardo Vázquez, Pfizer's country manager for the Argentina Region, discusses the company's investment strategies across their newly established business units and a few of the unique challenges presented by the Argentinean market.

How have Pfizer's goals for Argentina changed over the last few years, and what is your strategy for moving forward?

Since we divided our business into three global business units, instead of having one core strategy, we now have several local strategies. Each group has their own priorities, and in the case of the innovative products and oncology group, the strategy is to take advantage of the healthcare system, which is quite strong and is able to provide innovation to patients quickly and efficiently. In the last 24 months we were able to launch five different products for very specific types of diseases: Axitinib for advanced renal cell carcinoma, and Crizotinib for lung cancer, Tofacitinib for rheumatoid arthritis, Apixaban to reduce the risk of stroke & blood clots in people who have atrial fibrillation and Tafamidis for the treatment of Transthyretin Familial Amyloid Polyneuropathy. The comments we've received from patients for many of these drugs have been extremely enthusiastic, including of course some cases where they've gone from expecting to die within a matter of months to being told they have a year or two, or even three or five years of life

remaining. For some patients, our products are a dream come true, and this is something that the Argentinian pharmaceutical market should be very proud of: that we are able to bring innovation to patients and give them years of life that they otherwise would not have. At the same time, we have a responsibility to control our appetite for profits and work to support and protect the healthcare system.

The strategy for our established products group is quite different. In this area, we are focusing on providing Pfizer's typical high level of quality in certain therapeutic areas and maximizing the tools offered to the physician, at a very competitive price. When inflation is taken into consideration, many of the products in this division are priced more competitively than they have ever been, something that is necessary in this market due to the surfeit of good quality generic medications.

In the case of vaccines, our strategy of working with a local company to supply our innovative vaccines to the National Immunization Program (NiP) of the Ministry of Health has been very successful. We were very lucky to find a partner in Grupo Insud and Laboratorio Elea that was willing to invest a significant sum to build a plant, and completed construction in a year and a half. This has allowed us to move a portion of our production to Argentina, and now Argentinean physicians are vaccinating Argentinean children with vaccines made in Argentina, achieving the expected results in terms of prevention. Thanks to this agreement, Argentina becomes the only country in Latin America, and one of the few in the world, that has the ability to develop this vaccine.

Since we were last in Argentina, Pfizer has made some noteworthy investments in the country. Could you please give us an overview of how these resources have been used?

We have made some significant investments in our manufacturing division in the last five years, totalling USD 27 million that were used primarily to increase our capacity so that we can keep up with the increasing market volume. We also made a larger investment in our R&D division, nearly USD 60 million over the last five years. This has been spent primarily on some Phase II and III clinical trials for a few of our innovative products. When you include the expenditures we made setting up our new offices here in Buenos Aires, we've invested nearly USD 100 million in our Argentinean business over the last five years.

Part of the USD 27 million was used to refurbish our manufacturing plant, which had originally been built by a local company, which we bought as part of the Pharmacia acquisition in 2003. It's a mid-sized site that has a reasonable degree of flexibility, and after spending a few years producing a wider variety of products, we realized it would be far more profitable to limit its production to a few

specific areas; now a few areas has become just tablets. The plant is now capable of producing up to 1.6 billion tablets per year in medium sized lots and we have been producing about 800 million a year on average for the last few years, even more when we win contracts from the public Plan Remediar, which has given us quite a lot of volume. The rest of the investments in manufacturing were for in quality control and packaging. We spent USD 5 million building an advanced laboratory with some specialized equipment for testing for biological products, as there are not many labs capable of performing this type of analysis. Last year our new fully automated packaging line was opened, which has given us enough capacity on that side for the foreseeable future.

As for our R&D investments, they have primarily gone towards independent research reports. We were in need of some better research and data regarding the Argentinean market in general, to aid our decision-making process and to satisfy a few investors who had come to us with requests for detailed information on Argentina that we didn't have. Some clinical trials were performed in Argentina for a few speciality products that Pfizer has under development, which are all within the six therapeutic areas that Pfizer is focusing on globally; vaccines, central nervous system, cancer, rheumatoid arthritis, cardiovascular and rare diseases. Argentina is a very competitive market for R&D in terms of physician quality, physician cost, regulatory burdens, research costs and patient cost. In fact, the country is ranked high internally by Pfizer, and as such we have made a concerted effort to develop our R&D capabilities here in the country.

Why were you the right person to take over for Pfizer in Argentina?

I have been with Pfizer for over eighteen years and thus have some seniority, however I was selected primarily because, as an Argentinean, I have a level of familiarity with the local market that a foreign executive would not have. Pfizer's administration is being restructured at the moment and someone who was unfamiliar with the Argentinean market wouldn't be able to devote adequate time to learning the local market and managing the risks while implementing the new system. The Argentinean pharmaceutical market is also largely dominated by local companies the macroeconomic situation is more unstable than it was a few years ago, and the industry will likely experience some significant changes in the coming year or two. Learning and understanding all of these challenges and risks would take an outsider months at a minimum, and this is why my ability to navigate all of these issues and achieve a reasonable balance between the risks and rewards in Argentina makes me an asset to Pfizer globally.

What objectives were you given when you became the country manager for Argentina?

Pfizer’s goals for Argentina at this point are primarily in line with the global objectives, which are currently dominated with the business reorganization I mentioned. The company, and of course the local affiliates, are being reorganized into three different business units; established products, innovative, and a composite of oncology, vaccines and consumer products. When I took this position, the primary directive I was given was to achieve balance and unity between these three segments so that Pfizer continued to be seen as a single company serving the Argentinean customer as opposed to three companies serving three customers. This mandate also extends to coordinating the three units operations to achieve Pfizer’s global purpose, which is to bring innovative medicines to patients that significantly improve their lives. I have more or less explained the second directive, which was to navigate a changing business environment and balance risks and opportunities. Finally, I was of course charged with the responsibility of improving our business operations.

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