

Grupo Chemo - Hugo Sigman, Co-Founder - Argentina



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Tags: [innovation](#), [APIs](#), [biotech](#), [acquisition](#), [group](#), [doing business](#)

Hugo Sigman explains how understanding problems in the same way as opportunities helped his company to become what is today, a successful Argentinian conglomerate where life and science is the backbone of multiple businesses.

Please start by describing the Insud group as it stands today, and where it operates.

We have been able to consolidate Grupo Insud, a group of locally owned Argentinean companies committed to the development of the country through long-term projects. Insud is the term that summarizes the common values that we apply in the daily operations of the companies: innovation, sustainability and development. The group works in the areas of life sciences, information and culture, agro-forestry and nature and design. Insud is a family group, directed by Silvia Gold and myself. More than 35 years ago we founded [Chemo](#), a pharmaceutical company that today is present in over 40 countries. Over time, our interests as entrepreneurs expanded and led to the diversification of our business activities. Grupo Insud also supports the work of [Mundo Sano](#), a foundation that has been a regional scientific leader in the development of replicable models for combating neglected and avoidable diseases since 1993.

Could you give to our readers a snapshot of the key themes that have defined the company as it is today?

Innovation, innovation and more innovation! That is probably the main reason for our success in the pharmaceutical industry. We have been trying to innovate all the time. When we started in 1977, our first steps were trying to work like traders, because the best opportunity we had at the time was to sell APIs. As my background is in medicine and the background of my wife is biochemistry, we worked together, trying to move away from commodities that at that moment were mainly antibiotics. We were developing new products that were not yet in the market and to supply these products to the generics trading companies in South America. This is why we bought a small company in Italy, where we started to develop the technology for the production of this kind of products.

The other key aspect that been consistent in our work is professional excellency: trying to do the best not only in the quality of products, but being competitive all the time, and providing the best possible service to our customers.

In 1978, Italy was providing Latin America with the majority of its APIs and products, but in that year, the country introduced patent laws, which made our work there less commercially viable. We decided to move operations to Spain, where we enjoyed a ten-year window before patent law was introduced. This was in the time when China and India were not important marketwise: Spain was the best country to supply new products to Latin America without infringing patent law.

Another theme was to always create the best working environment, which provides excellent motivation: if your employees see that you invest constantly and regularly in improving their working conditions, this creates motivational engagement. However, above all of these things, nothing beats investing and planning in marketing and research. We approach problems as if they were opportunities: when you look at your problems like this, you can start to develop as a company.

Could you give to our readers a brief overview of the group's activity in pharma today?

Chemo operates across the entire pharmaceutical value chain, delivering specialized expertise and experience in scientific research, development, manufacturing, sales and marketing of a wide range of active pharmaceutical ingredients (APIs), finished dosage forms (FDFs) and branded pharmaceuticals, both for human and animal health in all major therapeutics (cardiovascular, gastroenterology, central nervous system, anti-infective, respiratory, women's healthcare and ocular healthcare).

The pharmaceutical business, still the largest of the group, has three areas: the generic area knows like Chemo who works B2B activity; the [Exeltis](#) line of products, with its own brand and a

commercial and sales organization present in 46 countries, and the biotechnology arm [mAbxience](#), specializing in research, development and production of biosimilars and the discovery of new products for the treatment of cancer. The active pharmaceutical ingredients of mAbxience are manufactured at the [pharmADN](#) plant, specialized in biotechnology.

In [Argentina](#), Grupo Insud is a partner in [Elea Laboratories](#), which has over 70 years of experience in pharmaceutical research and production, in [Biogénesis Bagó](#), which runs a world-class facility for foot-and-mouth vaccine production, and in Sinergium Biotech, a pharmaceutical company focusing on research, development, production and distribution of highly complex immunization and biotechnology products. At Sinergium Biotech's last-generation plant, mAbxience performs the formulation and fill and finish operations of the biotech products manufactured at pharmADN, in an exclusive facility that is compliant with the highest international standards and good manufacturing practices (GMPs).

Chemo's activity is organized in three synergistic business areas: industrial, branded and biotech, with over 5,000 professionals in more than 44 countries, across four continents, ten state-of-the-art manufacturing facilities, nine specialized R&D centers, 12 commercial offices and 33 pharmaceutical affiliates, serving 1,150 customers in 96 countries around the world.

Your latest move was the acquisition of a biopharmaceutical company in Spain, Genhelix, by mAbxience in June 2014. What will this acquisition bring to the group and how important will biosimilars become for the future of Insud?

The acquisition of Genhelix is very important news in terms of consolidating mAbxience as a biosimilar leader in Spain, and it will allow us to move forward in our strategy for manufacturing products that meet the highest quality standards and for obtaining significant cost savings. Our aim is to expand our manufacturing capacities in other geographical areas through a plant that will enable us to strengthen our market opportunities in Europe and Asia. Thanks to the technology used, we can considerably increase productivity as well as reduce manufacturing costs, which in turn may lead to EUR 1.5 billion in savings through the use of biosimilars that the authorities are hoping for between now and 2020.

With the incorporation of Genhelix, the Chemo group is strengthening its global presence in Spain, where it already had commercial offices in Barcelona and Madrid, R&D centers in Azuqueca de Henares and León, and manufacturing plants in Alcalá de Henares, Azuqueca de Henares and León. This represents its first industrial presence in Spain in the area of biosimilars.

The problem with biological products is the price, which is often prohibitive for the majority of the population. Today, a new biological product costs between USD 60,000 per year per treatment to USD 200,000 per year and per treatment. Biosimilars could help to dramatically reduce the cost of these treatments.

A recent milestone was the decision to launch flu vaccine production in Argentina with the creation of the Synergium Biotech consortium, which entails a full technology transfer from Novartis. You were invited to speak to the UN about this new approach of collaboration between big pharma, the state and private interests. How has this experience been?

The experience with Novartis wasn't easy in the beginning, but progress today is very smooth and cooperative. At the end of the day, Novartis sent many people to inspect our factory and they were absolutely surprised at our quality standards. On top of that, some of our people will train at Novartis headquarters for some months. Furthermore, we are also partnering with Pfizer. We are extremely glad to have working experience with European and American multinational giants.

What is the room and future for a midsize group like Insud in today's world and how can the company compete with both big pharma and upcoming competitors from countries like China that are receiving huge financial, scientific and political support from their government?

Our future is brighter than ever! I personally think that today we still have good opportunities in biotech, despite very aggressive competition from countries like China: I actually believe there will be plenty of opportunities for our company in these countries.

What are the biggest challenges in doing business in Argentina today?

The biggest challenge in Argentina is stability. The second challenge is that when you need a particular piece of equipment or chemical intermediary, in Europe you can get it very quickly, but here you need to arrange many documents and permissions and a long trip. The bureaucracy in Argentina sometimes does not help. In fact, it is easier to work in Spain than in Argentina. But in countries where there are problems, there are always opportunities. As I mentioned before, we looking at Argentinean problems as opportunities, and we have an Argentinean heart!

The pharma industry represents up to five percent of Argentina's GDP. How do you explain this situation and the strength of the Argentinean pharma companies? What should be done so that Argentina can retain this position in the future?

Access to medicine in Argentina is among the best in the world: on one hand, there are many national programs that help the population to receive medicine, such as Plan Remediar, which supplies 40 million free units to health centers around the country, as well as Plan Nacer. The government delivers free medicine to 100 percent of people with AIDS, Chagas, and other illness. Additionally, if you are a patient in a hospital you receive free medicines. Today, there are 18 compulsory vaccines in Argentina that are free, universal and obligatory. All citizens with pensions receive free medicines or medicines with minimal cost. Consequently, the pharmaceutical industry was at loggerheads with trade unions for a long time to determine who would pay for people affiliated to the Unions. But the final result has been excellent access. The pharmaceutical industry accepted the terms that they would have less profit per unit but increased access: The pharmaceutical industry is mainly composed of third-generation families today: we compete in the market, but we have common interests. The relationships between the players here are very good. There are also private insurances for medicines.

What is the outlook for 2014-2015 and what are your overall ambitions for the life science division of Insud group?

The main ambition of the group is to take care to retain the good things we have been able to create over these past years. We also want to develop Exeltis and our biotech business much more: we want to balance our sales equation, with 50 percent of our sales from Chemo and the other 50 percent from Exeltis and [mAbxience](#).

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