

Laboratorios Duncan - Miriam Martinez, CEO - Argentina



24.11.2014

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Miriam Martinez, CEO of Laboratorios Duncan and VP of CAPGEN, discusses the challenges her company faces as a generic manufacturer in a branded generic market and their plans for growth in the future.

You are currently the Vice President of CAPGEN; could you please tell us a bit about how and why was CAPGEN founded?

CAPGEN is a chamber that is comprised of several Argentinian companies that produce generic medicines and hospital-grade products. It was created about 15 years ago, before the generics law was passed. The main reason to congregate so many companies is that despite producing large volumes of pharmaceutical products, they were struggling to enter the retail market; they only supplied hospital market through the public tender process.

In a crisis such as the one in 2001, when access to medical products was denied, we had the highest medication prices in the entire world! We wanted everyone to have access to our products, as it was clear that even people who weren't covered by a social security plan needed good quality medicines. Our goal was to provide Argentinian patients with more cost effective medical products of a high quality, hospital grade quality. Our solution was to offer generic medicinal product, which we were able to price lower than the branded competitors. After trying to distribute our products

directly to some of the larger pharmacies, we found it was more effective to work with distributors such as Droguería del Sud; Droguería del Sud works with the Social Security medical plan PAMI, who is an important payer for Pharma products.

Can you please introduce Laboratorios Duncan and the company's core values?

Our company has been on the market for about 45 years, and we started as a very small company with a license from a German company to produce a limited number of substances. In that era, we only produced a couple medical products. Fortunately, those products have stayed strong and are leaders in the Argentinian pharmaceutical industry.

After several years of hard work, we started to work with micro-granule technology, introduced some new active ingredients to our product lines, and developed a few new products by developing and registering our own galenical formulations. About 30 years ago, we trademarked our brand and eventually using this brand-recognition to start developing a broader product portfolio that now encompasses solid, liquid and injectable products. We currently sell more than 150 products that are all produced with strict adherence to GMPs.

One of our core values is to improve the quality of life of Argentinian people, as well as patients in other countries, and to fulfill the needs of our population, who demand better quality day by day.

Which product lines have been most successful recently, and which do you think will be the biggest source of growth in the future?

We have many product lines. Some of the most profitable for us are injectable drugs and oral medications. Lately, we have been working with capsule-filling technology since our best-selling products contain micro-granules (Omeprazol and Diclofenac). We also have biosimilar products, which so far have not been that cost-effective for us due to the complex and demanding production, but are an important field for R&D.

More recently, we have been working with several universities to develop products of bovine and porcine origin. This products are very different to ordinary chemical drugs, the quality control department is different, the production plants are different; we see a lot of growth potential for the firm with these products.

Talking about your biotech portfolio, what product would you like to develop next? Are there any projects in the pipeline?

So far, we are only working in the areas that I already mentioned. My hope is to continue developing more biotech products but unfortunately there are other priorities. With the current political situation and uncertainties, the projects that we would like to start at some point in the future are currently on standby.

As for the pipeline, we are about to release a Levofloxacin product. Most of the times, we decide what to develop based on marketing concerns; for example, we have several antibiotic lines, so we want to have every kind of antibiotic available, filling up all the gaps in every category till we cover all the possibilities.

For many of CAPGEN members, the greatest challenge is to penetrate the social security (PAMI) reimbursement market. How do you think that Duncan can develop this market to make this a meaningful part of this business?

We are currently working very hard to develop a solution for that important topic; as you may know it is very challenging to penetrate the retail market, we have only 15 of our 150 products registered in PAMI. We also have to deal with the PAMI crisis as well, which could become quite a problem if their payment delays get any longer, or worse, stop altogether. When this happened in 2001, it was one of the worst events that the Argentinian pharmaceutical market has ever experienced.

What are your expectations for this newly developed lines?

We will need to diversify our products. First of all, we need to do a lot of research in biotechnology; the labs that are relying exclusively on chemical drugs don't have as promising of a future as those who are starting to work with genome medicine. This is our main goal since biotech represents the future for the life sciences industry globally.

Could you give us an overview of Laboratorios Duncan's current manufacturing and production capabilities? What are your main ambitions for the next five years?

We want all of our facilities and production lines to satisfy GMP 100 percent; currently, we are only at about 60 percent. We also want to be more efficient by moving our main plant to an industrial area, as our plant is currently in a residential area.

We know that Laboratorios Duncan does some exports to Latin America, but what about markets further abroad?

Yes, we have sales in Vietnam and Hong Kong. On a couple occasions we exported our products to Canada as well. On the other hand, it is very hard to enter non Latin American markets, so our main focus is still Argentina and Latin America. We currently export our products to Haiti, Guatemala, El Salvador, Venezuela, Peru, Costa Rica, Ecuador, Paraguay and Uruguay.

We all want and need to export but manufacturing costs in our country are very high and our prices are often not very competitive, and many distributors will choose to work with a Chinese or Indian company instead. It is impossible for us to compete against these producers because our salaries and standard of living are much better than in those countries. However, in terms of biotech, many people rely on us because of our research background and our expertise in the field.

How do you think the world sees Argentinian products?

I think that many Argentinian products are internationally recognized for their great quality. We try to always keep up to date with the latest technological developments, and to be within the same standards as producers in Europe or the US.

What is your balance between domestic and international sales? What would you like it to be in the future?

We are currently working towards the registration of our products since there is a lot of demand in Latin America. It takes more than one year to register your product in other countries; so, it is a slow process. In terms of percentage, exports make up only 5 percent of our revenue, but our goal is to reach 20 percent.

If we come back in the next five years, what will have changed by then?

That is a hard question since Argentina is such an unpredictable country. Our country and hence, our company has gone through many crisis; we survived them all but, I'm almost sure that within the next five years, we will have to overcome a totally new crisis. Each time brings new opportunities which Argentinian companies do their best to take advantage of. Also, we can consider that the members of CAPGEN have many common goals, so if there is a policy that we need to see changed, our group of supporters is just a phone call away. We want to be recognized alongside the other chambers.

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