

# Interview: Rafael Suarez - General Manager, Ferring, Mexico

---



*To fulfill our growth ambition, we concretely envision both organic and inorganic growth opportunities in Mexico, comprising the licensing or the acquisition of a product or company.*

---

19.07.2016

Tags: [Pharma](#), [Pharmaceuticals](#), [Mexico](#), [Biopharma](#), [Biotech](#), [Ferring](#), [Strategy](#), [Growth](#), [Interview](#), [Insight](#), [Exclusive](#), [Executive](#), [Free](#)

---

*Rafael Suarez, general manager of Ferring in Mexico, explains how the Swiss biopharmaceutical company is adapting to the recent dynamics affecting both the Mexican public and private sectors. He outlines his approach to further consolidate the Mexican affiliate, increase Ferring's clinical research investments and manufacturing presence in Mexico.*

**When Pharmaceutical Executive recently interviewed Ferring's COO Michel Pettigrew, he notably explained his plan to grow sales at an annual double-digit rate to reach the USD 3 billion mark by 2020, while the United States and the emerging markets stand as the most important growth drivers of the group. How do you see Mexican activities as contributing to this grand scheme?**

The Mexican affiliate's growth target is in line with the objectives established by Mr. Pettigrew, and my objective is to ensure we are in the best position possible to display a double-digit annual growth rate over the next four years. In this regard, one of our most prominent objectives is to further progress in the ongoing consolidation of our Mexican structure, by both enriching our affiliate with new talents and further developing our current employees' skills. In this vein, we recently hired HR specialists to conduct strategic coaching activities, while our current integration plan helps us to foster a sound dynamic across the affiliate. We are also massively investing to continuously provide medical education and training to our sales representatives, which will

ultimately allow us to deliver a heightened service to our clients and partners on the field. To fulfill our growth ambition, we concretely envision both organic and inorganic growth opportunities in Mexico, comprising the licensing or the acquisition of a product or company. Over the last two years, we for instance closed two local license-out agreements, for a gynecology and a traumatology product. So far, the outcomes of these strategic alliances have been extremely positive in terms of revenues.

In the meantime, we are currently working on closing two strategic deals for two urology treatments that will soon reach Ferring's portfolio. Despite being local partnerships, these deals apply to all of Latin America, as they are currently negotiated by Ferring's Latin American business development committee that gathers all General Managers of the region.

Finally, these strategic partnerships will help us to more efficiently allocate our in-house resources to bolster the organic growth of the affiliate, while in Mexico we remain focused on four main therapeutic areas: fertility, obstetrics, gastroenterology and urology.

**In 2014, you decided to grow your sales force by 20 percent, mostly to better cover hospital products business. This decision paid out very well, as obstetric products have been displaying very strong growth rates. Nevertheless, the growth of the Mexican institutional sector recently slumped to two percent in 2015, according to IMS Health. To what extent did it impact your strategy in Mexico?**

[Featured\_in]

In 2014, we expended and strengthened our sales force related to the institutional market, covering an all-time high number of hospitals in Mexico. This expansion strategy indeed tremendously paid off and allowed us to rapidly grow our institutional sales.

Nevertheless, at the end of 2015, generics alternatives of our main obstetrics treatments started to reach the Mexican market. In the meantime, we see that government health spending has been decreasing as a whole, affecting all therapeutic areas related to the institutional sector as well as the overall access to innovation. For instance, IMSS and ISSSTE's beneficiaries [*the two main social security institutions in Mexico*] had almost no access to new molecules over the past two years, as only a very few new treatments have been recently approved for use in the public sector.

Furthermore, the situation is similarly difficult for molecules that are already registered for use by the social security institutes. The implementation of consolidated purchasing tenders among the public sector has indeed created substantial efficiencies across the system, which in return somehow nurture a certain decrease of investment for these registered treatments. While it was

frequent to receive a 20-percent extension when renegotiating our institutional contracts with public stakeholders, budget cuts and new therapeutic alternatives on the market have clearly reduced the occurrence of such practices.

Our obstetrics treatments however remain extremely well positioned on the market and the government fortunately continues to need and to purchase our products – but not at the same investment level as in the past. Although we will however continue to look at consolidating our market share in the institutional sector, the sluggish growth pace of the public sector made us decide to allocate more resources to the private sector in the upcoming years.

**How do you expect the breakdown of your sales between private and public sectors to evolve in the upcoming years?**

So far, our sales are almost equally split between the private and public sectors. Considering our increased focus on the private market, I expect private sector sales to increase in the upcoming years.

Nevertheless, we are currently working on the registration of some of our products in the public sector, and we are notably very close to get our prostate cancer treatment registered by the different social security institutes. I don't expect public budget cuts to continue forever, and I still hope public health spending in Mexico will pick up again in the near future.

As a result, if we manage to increase our sales in the private sector and public spending eventually pick up again, our sales breakdown will probably remain relatively equal, after a one or two-year transition period.

**What are the main challenges that you identify as Ferring Mexico allocates more resources to the private sector?**

First of all, we remain a relatively small company, and our affiliate doesn't hold a similar sales representatives' presence as many of the big pharmas implanted in the country. Furthermore, our treatments are niche products. As a result, targeting is absolutely paramount to our private sector's strategy. We then need to strategically evaluate and decide who are the physicians and specialists on whom we should essentially concentrate our efforts, because we identify they are mainly dealing with patients affected by the diseases we cover.

Obviously, in the private sector, another challenge relates to distribution. It is of the utmost importance that we ensure our products are available to the patients at the pharmacy point of sales they will ultimately attend. Given the nature of our treatments and our product portfolio, we

don't look at rendering our products available in all pharmacies. In this vein, we are mostly targeting specialty pharmacies and some pharmacy chains that are the most relevant to our strategy. As a result, we work very closely with the different distribution companies, pursuing a similar targeting strategy for the distribution sector as for physicians.

**Over the past 18 months, Ferring notably launched Cortiment (gastroenterology) and Rekovelle (fertility). When will these products be available in Mexico?**

Cortiment was launched very recently in Mexico, as the treatment was introduced on the market only two months ago. We initially wanted to launch it in 2015, but delays in the market access processes forced us to unfortunately postpone its launch. However the treatment has been very well accepted since it was introduced on the Mexican market, and – although it is a niche product – it stands as an important new therapeutic option for physicians treating active, mild to moderate ulcerative colitis. Inflammatory bowel disease (IBD) is a key area of focus for Ferring, and Cortiment allows us to finally complement those patients that in times of flares could not benefit solely from our Pentasa range of IBD products.

[related\_story]

Regarding Rekovelle, it will be launched in Europe in the upcoming months, and other international markets such as Mexico will only receive the treatment after its European launch. Being a biological product, its registration would probably take longer than for chemical treatments, nonetheless we will work to have the product registered in Mexico as soon as possible.

**In 2014, you highlighted that one of your main objectives for Ferring Mexico was to participate in a larger number of clinical trials in the country. How has Ferring's clinical commitment to the country evolved in the recent years?**

Since 2014, IMSS and Cofepris have been increasing their collaboration and intensifying their efforts to ramp up and ease approval processes for clinical trials, while in the past it was particularly complex and time-consuming for a trial to be accepted by the approval committee of IMSS (Mexican Social Security Institute). A few years ago, I wanted Mexico to participate in one of Ferring's international clinical trials. Nevertheless, by the time the global trial would have started, it would have still been undergoing its registration process here in Mexico...

In Mexico, the clinical trial context remains challenging, but our medical group is working hard to ensure we are able to conduct more studies in the country over the upcoming months. We still lag behind the level of clinical studies I would like to see us conducting in the country, but increasing

our commitment in this regard is a priority on top of our agenda. I recently reviewed the list of the different clinical trials conducted by the group as well as their different development stages, and only a small share of them are large-scale, international studies that could be of interest to the Mexican affiliate. Furthermore, all Ferring's international studies have already started a few months ago, so it is now way to late for us to embark. Nevertheless, we will do everything to ensure Mexico is involved in the next ones scheduled, while a few local clinical studies are currently conducted by Ferring in Mexico.

Nevertheless, we understand the narrative and the strategic approach we are building in Mexico have to be backed by strong clinical evidences, conducted among local hospitals and by local physicians and researchers. Conducting more clinical trials in Mexico will help us to ensure physicians and healthcare practitioners become more familiar with our treatments, while studies conducted on local population would definitely have more impact on Cofepris and the National Health Council's final decisions.

In the grand scheme of things, AMIIF [*the association gathering 43 innovative pharmaceutical companies in Mexico*] estimates that our country holds the potential to triple clinical research investments over the next five years. Thanks to the quality of our infrastructure and the market access improvements realized by Cofepris, I am confident to see these clinical research investments increasing in the upcoming years. I think it is just a matter of time before research investments ultimately pick up, as new, multi-centric clinical trials that could be done in Mexico do not arise on a daily basis either.

**Mexico stands as one the ten different countries in the world where Ferring holds a manufacturing footprint. How do you envision Mexico's manufacturing capacity to evolve in the upcoming years?**

Very few products are currently manufactured in Mexico, and all of them are local products which are not sold in other geographies. Beside this small manufacturing capacity, our plant is also essentially focused on secondary packaging activities.

Nevertheless, the manufacturing context in Mexico is really interesting: we currently see thriving Mexican pharma exports, while Cofepris recently entered the PIC/S (Pharmaceutical Inspection Co-operation Scheme). Furthermore, the final and upcoming ratification of Trans-Pacific Partnership (TPP) would further heighten data exclusivity regulations for biopharmaceutical products in Mexico. Given this context, we are now looking at how we could further invest in our manufacturing facility to either increase the number of products that are locally manufactured, or – considering Ferring

international network – manufacture different kinds of products in this facility. Finally, if increasing our commitment to Mexico would eventually not directly concern product manufacturing, we will then look at further expanding our secondary packaging activities in the country

**At the global level, Ferring is extremely ambitious and really wants to strengthen its position as a top innovative company. What key competitive advantages will help the Mexican affiliate fulfill this objective?**

Ferring is a niche player with life-changing treatments that are well supported by clinical evidences. Our cutting-edge and irreproachable manufacturing standards also ensure physicians can rely on the quality of our treatments to treat their patients. If you look at fertility products for instance, we are talking about patients who tremendously suffer from not being able to start a family. These patients are looking for the quality products that will help them to finally accomplish their dream, and Ferring and our products have a central role to play in improving the lives of these patients.

The Mexican affiliate holds a lot of promising opportunities. In the upcoming years, we will continue to consolidate the Mexican footprint of Ferring and better leverage the potential of the Mexican market, by capitalizing on both the quality of our internal pipeline and inorganic growth opportunities.

[See more interviews](#)