Interview: Javier Amtmann Aguilar – Chairman of the Board, Menarini; President, AMIIF, Mexico



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Javier Amtmann, the new president of AMIIF, the Mexican

association of pharmaceutical innovators, reveals AMIIF's strategic priorities and key areas of focus. As Chairman of the Board of Menarini Mexico, he also explains how the Italian company successfully entered the Mexican market and continues to increase its market share in Mexico, while Menarini further demonstrates its strong commitment to the country by developing and manufacturing specific treatments for the Mexican market.

You were recently elected President of AMIIF for the period 2016-2017. What are the key areas of interest the association will focus on during your tenure?

I have been involved in AMIIF activities for many years, ultimately becoming its president in March 2016. Over the past year, AMIIF's Board and its Affiliated Members have been moving to a holistic strategy phase that is aimed at strengthening certain aspects of our "Vision 2024 Strategic Program". In order to comply with our economic objectives, AMIIF then started to essentially concentrate its efforts on two main missions: advocating for the improvement of our country's health outcomes in order to further bolster Mexico's productivity, and attracting more clinical research investments to Mexico.

Backed by the main findings of several studies, which were requested by AMIIF and conducted by independent consultancies and the OECD across the entire pharma value chain and the overall health spectrum in Mexico, AMIIF is now able to enrich and improve health-related decision-making process in our country. AMIIF's objective is to stress the negative impact that poor health outcomes have on our country's productivity when the resources allocated to the Health Sector are limited. This can generate absenteeism, preesentism (underperformance) or early retirement (a total incapacity of workers to cope with their professional responsibilities). In this endeavor, we are working closely with the main public partners related to the health and economic sectors in Mexico, including Cofepris, the Ministry of Health, the Ministry of Economy and others, in order to raise awareness around the necessity to increase public investment in health.

In the meantime, we also look at attracting more research investments to our country. Globally, the pharmaceutical industry invests more than USD 140 billion every year in research in development, 80 percent of this amount is dedicated to clinical research. So far, the pharmaceutical industry in Mexico only invests around USD 200 million per year in clinical research, which remains disappointing. Considering the size of our population, the quality of our medical infrastructures and the strong presence of the international pharmaceutical industry in Mexico, we should be able to at least triple this figure within a few years.

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Menarini, the leading Italian pharmaceutical company, established its office in Mexico in 2009. Seven years after, could you please present Menarini's footprint in the country and explained some of the challenges you faced when entering the market?

Menarini's affiliate in Mexico was established in 2009, although the company previously held a distribution partnership with Laboratorios Sanfer, a Mexican company. Since I joined Menarini Mexico as Chairman of the Board in 2013, our sales force footprint, the numbers of our products available in Mexico, as well as our overall sales have been rapidly growing. However, we still face some of the typical challenges encountered by smaller companies, for whom Mexico can easily stand as a complex market to navigate in. Looking at distribution for instance, most players throughout the industry are experiencing a difficult situation with the bankruptcy of Casa Saba, which was one of the main distribution companies in Mexico. As a substantial share of this company's debts was not paid, many of its ex-customers were highly impacted by its bankruptcy.

Mexico stands as one of the Latin American countries where Menarini truly holds an affiliate, and we perceive Mexico has a strategic market, holding interesting and promising growth opportunities.

Nevertheless, we see the Mexican market as one which has been evolving rapidly over the past five years, and it appears now both particularly dynamic and extremely competitive in absolutely all niche areas. This aspect further strengthens the importance of implementing strategic planning and technological innovation across all our activities, whether it relates to the relationships with our prescribers, our sales force management, or our overall operations in the country.

One of the big challenges we faced when entering the market was of course the lack of awareness of the medial community of Menarini as a Pharmaceutcial Laboratory and its product lines. As an international company mainly focused on the retail market, we also had to face the fierce competition of local players that have been operating in Mexico for many decades. Finally, the overall market growth in Mexico was particularly slow at this time, which means that the only way to increase our sales was to gain market share from these well established companies. By working closely with key opinion leaders and the most respected Mexican experts, we managed to create windows of opportunities to demonstrate Menarini can be considered a reliable supplier of quality and life-changing treatments for Mexican patients.

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Although it has been a long, challenging, and still on-going process, our ability to increase our sales and market share in Mexico also proves it is never too late too penetrate any given market – as competitive as it could be – by following a methodical and well-built penetration strategy.

What are your main growth drivers in the Mexican market?

Although a small share of our activities relates to the institutional market, 90 percent of our sales come from the private, retail segment. This is particularly interesting, as the value of the retail market has grown for the past years and it is expected to keep growing at least four percent per year, according to IMS Health. Furthermore, we have been mainly concentrating our efforts on two main therapeutic areas: gastroenterology and cardio-vascular. In parallel, we have been also steadily developing our analgesic product portfolio.

Nevertheless, we are also in the process of developing two new, specific treatments for the Mexican market. Although I cannot reveal any precise details about these two new compounds, we already closed clinical research agreements with Cofepris and the University of Veracruz, where one of the clinical protocols will be conducted as part of a one-year multi-centric clinical study. These two new products have been specifically developed for the Mexican market, but, once the clinical study will be completed, we hope to leverage the international scope of Cofepris’ approval to export these treatments to other Latin American markets.

This exciting product development represents a major development for Menarini in Mexico and in Latin America in general. It was obviously not easy to reach this important milestone: we had to work very closely with our headquarters to demonstrate the added-value of these products, and also to convince them to allocate the required resources to design these products, produce them at an industrial scale, and conduct the clinical trials in Mexico. Nevertheless, the fact that these substantial resources were ultimately given to the Mexican affiliate truly stands as a formidable evidence that the Aleotti family, owners of Menarini, strongly believe in the growth potential of the Mexican market.

What are the main growth opportunities you envision for the future?

> New, innovative products coming from our in-house pipeline have been our most important growth drivers over the past years, and we will most likely continue to rely on this strategy in the upcoming years.

We consider both organic and inorganic growth options to further strengthen the affiliate. Looking at inorganic growth strategy, I would however point out that many big multinationals that divested their non-core portfolio a few years ago somehow regret their decision, as they see these products are now thriving again in the hands of their new owner. As a result, we see less and less multinational companies that are keen to sell their non-core portfolio or products. We still identify a few acquisition opportunities in the Mexican market, but probably in a scarcer fashion than five years ago.

New, innovative products coming from our in-house pipeline have been our most important growth drivers over the past years, and we will most likely continue to rely on this strategy in the upcoming years. Menarini holds a strong product pipeline, which should lead to upcoming and very promising product launches in all international markets in the next months and years. As a matter of fact, we will launch a new cardio-vascular product in the Mexican market within the next 90 days.

Considering your long-standing career in the pharmaceutical industry in Mexico, what challenge attracted you to join Menarini?

Menarini is a small but rapidly growing company in Mexico, and this new challenge really provides me with a completely different perspective and approach of the Mexican market. With limited resources, we have to be creative in the way we want to continue to grow and increase our markets share.

Before embarking in this new adventure, I already knew the company very well, as I was CEO of Laboratorios Sanfer between 1999 and 2012, which was the distributor of Menarini in Mexico, until the Italian company finally decided to set up an affiliate here. When Menarini learnt I was taking an early retirement from Laboratorios Sanfer, they asked me whether I would be interested in participating within their operations in Mexico. I was ready for a new challenge, and Menarini was looking for somebody who held a deep knowledge of the Mexican market, so there was a natural fit between us.

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