

Interview: Meneleo Hernandez - President, Multicare, the Philippines



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Meneleo Hernandez, Jr., President of Multicare, describes Lupin Pharma's Multicare operations in the Philippines and how their niche business unit strategy and strategic partnerships create a sustainable business model that is driving growth for the branded generics company.

As the President of Multicare, could you provide an introduction to Lupin Pharma and Multicare's structure and what your top priorities are in your current role?

Lupin Ltd. owns majority of Multicare, and I was originally hired by Lupin in the Philippines, and since 2014 I have taken the role of President of Multicare. Multicare is the second largest operations in Asia Pacific for Lupin. The Philippines is strategically important to our parent company.

Multicare is a branded generics company with brands in niche therapeutic areas. We launch four products a year that create synergies within our business units. Our focus on branded generics in niche markets is sustainable because Filipinos want branded products whether from an innovator or a branded generics company.

We also have licensing agreements with innovator companies such as Sanofi and Roche. We synergize certain brands from these companies and place them into the appropriate business units to maximize the commercialization process. Every year we look at the five-year plan to build the right portfolio for our business units that will drive growth while maintaining the scope of where we

want to perform.

Could you elaborate on your different business units and the highest growth drivers for the company currently?

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In the Philippines, we are organized in business units to allow us to focus on niche markets where we can gain market presence. The Women's Health Business Unit is our legacy product line that has played a crucial role in building the Multicare brand name. People know this division well in the Philippines and our other business units have used this brand awareness to better introduce their products. We have since expanded into four additional business units: Gastro-Diabetes Care, Central Nervous System, Pediatric/ Respiratory and Oncology. It is our goal to hold substantial franchises in each of the therapeutic areas that our business units participate in. The fastest growing business unit is the Gastro Diabetes Care, with the second fastest growing being oncology. We are positioned in the market not as a low cost generic player, but as a quality branded generic company with affordable prices and a brand that can be trusted. Many of our products are value-added generics and unique molecules.

Could you further elaborate on the licensing agreements that you have with innovators?

In these partnerships, we purchase the products from the innovator companies that will best synergize with our portfolio within each business unit and then we conduct the marketing, sales, and distribution for the product. The partnerships respect the governance processes of each party. Our Central Nervous System Business Unit was created completely through our partnership with Sanofi and Natrapharm. We consider it a very successful partnership.

We expect a few more partnerships in the coming year. But this time, it will be for new brands. It provides a platform for companies to enter the Filipino market with Multicare providing the marketing infrastructure for the new brands. We started doing this at Multicare to replicate the successful model that Lupin has in India and the rest of the world.

What is your current footprint within the Philippines, and what trends do you see in the future?

Each of the business units has nationwide coverage. We have an exclusive team within our distributor, Zuellig that caters specifically to Multicare. As for our footprint, I say that as a branded generics company we get the best of both worlds in that we are growing in the traditional drugstore chain channels and then we also cater to generic outlets. Not everyone has the ability to

go into different segments and have this mix in distribution. We also have a government franchise. The pharmaceutical market is growing on both the hospital and the retail side and within each of these segments we are one of the fastest growing companies as of October 2016 (IMS Report MAT). On the hospital side we have a long-term relationship with the Department of Health where we supply anti-TB products. Lupin Pharma provides 68 per cent of the worlds TB requirements and in the same fashion our WHO pre-qualified products have strengthened this relationship with the DOH for the last six years.

As a branded generics company, your products increase access to medicines by bringing down prices. What do you see as being the main barriers to access in the country?

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Price is one of the factors, but even as the prices are brought down in the Philippines, access has not yet been achieved and this is because of the infrastructure. Even the DOH needs more personnel and more storage space. We believe that there needs to be more collaboration between the private and public sectors to better increase access. Quite recently we attended the Drug Store Association of the Philippines convention and we continue to hear stories about remote regions not having enough drugstores and enough doctors to cater for the growing population. Internally we have built our capabilities and sales force in the provinces where we see developments in healthcare. There are smaller distributors that are catering to smaller drugstores and there are more doctors than previously, but it is not enough. The Sin Taxes that fund healthcare is helping, but the infrastructure in terms of the hospitals and attracting doctors and nurses, still needs great improvements specially in remote areas in the provinces. Our infrastructure within Multicare caters to both Manila and the provinces.

What are some of the challenges of operating in the Philippines and how do partnerships enable Multicare to overcome these challenges?

There are many challenges, absolutely. What was most important for us first was ensuring the infrastructure around each business unit was really robust. This is important because partners, whether manufacturers or innovators, are looking at whether we have the ability to drive growth.

In the Philippines it takes longer to register a prescription drug now than ever before. This is a major challenge because there is a lot of confusion and the process is time consuming. Our partners that enter the market today will need to wait at least 24 months before the registration happens. At Multicare we will partner with companies that have the registration already and then we are able to commercialize the products. We are always looking for partners like this and we see

it as a very win-win situation because we have the infrastructure to bring newly registered drugs to market.

What are some of the most attractive aspects of the Filipino market that are underrated?

The Philippines is the only country in the ASEAN region that has what is called “baby CPR”. The principle CPR holder can provide a “baby” to another company for the same molecule, which means that an innovator company can provide the rights for another company like Multicare to commercialize its own brand, with the same molecule as the innovator or marketing authorization holder. This is unique.

When it comes to universal healthcare, the government has made it a priority. That means that branded generics are being included more and more into reimbursements and the system. This is highly attractive to generic companies and it gives at least a level of funding from the government to the industry.

Considering Lupin’s 42 per cent growth over the last year, what do you see as the key success factors that have driven this success and what differentiates Multicare?

What contributes to our success is the selection of products that we distribute and the infrastructure that supports our business units. Over the course of the last few years we have launched incredibly successful brands that are driving the growth and differentiating Multicare. We also have a supportive relationship with Lupin Pharma where they allow us to work autonomously and form partnerships with other companies in order to fulfill the needs of the Filipino market. This has allowed us to grow in the best way for Multicare and for our partners. This structure also allows us to make decisions quickly and efficiently.

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