Interview: Juan Francisco Hernández – General Manager Latin America, Wockhardt



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Juan Francisco Hernández, general manager of Latin America at Wockhardt, showcases the added value of the company to the entire region based on quality, safety and cost-effective medicines targeting diabetes, CNS and anti-infective areas.

Could you introduce yourself to our international readers as well as the key activities and operations of Wockhardt in Mexico?

I have been working in the pharmaceutical industry for more than 25 years leading different positions across all Latin America. I moved to Wockhardt in March 2012 with the mission of opening and developing the operations of the company in Mexico and Latin America. In this sense, we have focused on the five largest economies within the region: Brazil, Mexico, Argentina, Colombia and Chile. The results obtained during the last five years have been quite positive so far and Wockhardt currently has a high reputed positioning in the development, manufacturing and commercialization of medicines targeting diabetes, central nervous system diseases and antibiotics.

In Mexico, generics penetration is up to 79 percent of the total market share and Cofepris has been attempting to ease the access to generics over the last two years. What is the importance of the Mexican market for Wockhardt's regional and global strategy?

The global strategy of Wockhardt is to develop our presence in the top 20 pharmaceutical markets globally such as US and India, as well as other developed and developing countries. In this sense, Wockhardt is positioned in the UK as the leading pharmaceutical company in the generics' field.

As aforementioned, the results have been quite positive so far in all five Latin American markets we have been focusing on. In terms of figures, Latam contributes to around USD 22 million and Mexico represents approximately 50 percent of those regional sales with more than 15 drugs registered with Cofepris.

Given the maturity of the pharmaceutical market in terms of generics penetration and the strong competition of domestic players, what makes you believe that Mexico still holds some promising growth potential for Wockhardt, both in terms of volume and value?

It is a fact that the pharmaceutical industry in Mexico is set to grow and is expected to become one of the top 10 pharmaceutical markets globally in the near future. Such growth is going to be supported by the increasing role of generics in Mexico and the national public healthcare system needs cost effective drugs to cover as many patients as possible.

Wockhardt is working hard on developing and introducing high quality, effective and safe medicines to patients, but also taking into consideration the financial limitations of the Mexican public health institutions.

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The Mexican pharmaceutical industry has been quite dynamic during the last five years with an increasing penetration rate of generics and more rigorous regulations. What has been your strategy to ensure such success considering the constantly evolving industry environment?

Since our inception in Mexico and in the region, we have been always highly focused on three main therapeutic areas: diabetes, central nervous system (CNS) and antibiotics.

In diabetes, we are positioned as one of the most important players in the generic market with a strong footprint in insulin, competing face to face with the big pharma or leading local companies. One of our main competitive advantages in this therapeutic area is that we are fully integrated: indeed, we are producing our own APIs thanks to our biotech plant located in India. Diabetes is a regional burden and it is the second largest cause of death in Mexico; 14 percent of the Mexican population is suffering such diseases and it represents the highest cost for the national health

institutions, mainly because of the late identification as 50 percent of those national patients are not diagnosed.

In CNS, we are addressing the two most important diseases: depression and epilepsy. Both areas have drastically increased during the last few years in Mexico in a rhythm of approximately 12 percent in yearly basis, since Mexico is shifting from a developing country to being a developed country, and victim of the epidemiologic transition in this sense.

In anti-infective, we are approaching such area through innovation since there has not been any discovery in the field the last decade. Wockhardt does not have any new antibiotics yet but we are heavily investing in R&D to develop three molecules that we expect to launch in 2020 in Mexico.

What is your footprint in the public and in the private market?

We used to have 70 percent of our sales allocated in the public market but we decided to diversify more our operations to the private sector, since the public market is currently quite challenging because of the current budget cuts and margin pressures. Therefore, we are now enjoying a quite healthy mix of revenues per market being approximately 50/50 in the public and private sector.

Wockhardt has a quite comprehensive portfolio in Mexico sorted out in its three main therapeutic areas. What is your breakdown of revenues per business line and where do you foresee most growth?

Diabetes is the therapeutic area that contributes the most to our total turnover in Latin America, representing 60 percent of our sales. The second contributor is CNS being 25 percent and anti-infective representing the remaining 15 percent.

The government has recently announced budget cuts in healthcare expenditure for 2017. What is your action plan to overcome such challenge?

Diabetes is a national public health issue in Mexico and Wockhardt is well positioned to offer the best solution to such a health burden with high quality, effective and safe medicines for the public health institutions such as IMSS, ISSSTE and Seguro Popular.

Wockhardt is building up PPPs (public private partnerships) with the national government to ensure the access of our medicines to Mexican patients. We are working with the Diabetic Central Institute, which is the largest national institute in diabetes with more than 40,000 patients of such disease, and around 8,000 of its patients are treated with our insulin. We are also planning to build up other PPPs in the upcoming few years in all our TA. In my opinion, Government should leverage

on companies' resources to reach as many patients as possible and the industry should improve its efficiency to be able to offer more cost-effective solutions to the government.

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When we had the pleasure of meeting with Mikel Arriola of the IMSS, he told us that his main objective is to ensure the financial sustainability of the institution, while focusing its efforts on chronic and non-communicable diseases. Could you explain to our readers how Wockhardt is contributing to this purpose in the biosimilars area?

Wockhardt is strongly helping the government in this sense, especially through its high quality and cost-effective drugs. In my opinion, generics poses an important social benefit because of their economic savings creating a virtuous cycle where savings can be then invested in innovation.

Nevertheless, it is a fact that the government cannot pay the medicine for the whole Mexican population. In this regard, we are offering our products to the national patients at a very low price through private pharmacies such as "Farmacias Similares". We are doing strong efforts to enlarge patients' market access to high quality and innovative medicines, especially in diabetes.

Wockhardt invests around 15 percent of its revenues in R&D activities, how much of this innovation is targeted to fulfil the needs of patients in Mexico and LATAM?

All our R&D centers are located in India and the US but we are planning to include Mexico and Brazil in the clinical development of our anti-infective drugs in the near future. I am already dealing with the national regulators of both Brazil and Mexico to prepare the terrain for that.

It is well known that Cofepris aspires to be the standard of quality in the region; meeting the standards set by the EMA and FDA. How has it been a lever to continue driving the internationalization process of the company within the region and what are your targets in this regard?

The global CEO of Wockhardt decided that all our manufacturing plants need to meet the highest global standards of quality such as the ones that you just mentioned. Such strategic decision has truly helped us to introduce our drugs into Mexico and the rest of the region. I am sure that the fact that Cofepris is gaining the confidence of all the regional regulators will positively affect our internationalization. However, I am proud to confirm that nearly all the countries within Latin America already recognize our medicines in their national regulations.

What is the key competitive advantage that makes Wockhardt the provider of choice?

Our main competitive advantage is that Wockhardt is a fully vertically integrated company. Indeed, it enables us to have total control over all our operations ensuring that we meet with the highest standards of quality and that we are as efficient as possible. Thus, our products are recognized by nearly all the national regulations of the different countries that we are stepping into and such integration also permits Wockhardt to offer high quality and cost effective solutions to the national governments.

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