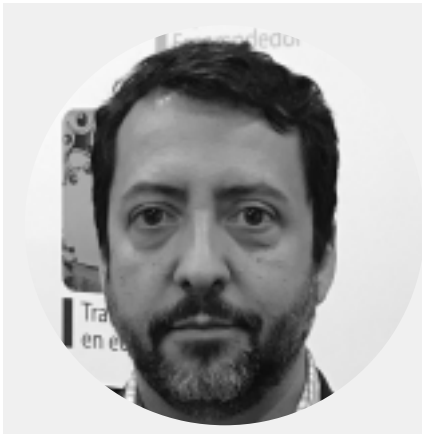


# Interview: Paulo de Resende - CEO, Laboratorios Grin-Lupin, Mexico

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*Paulo de Resende, CEO of Laboratorios Grin-Lupin in Mexico, describes the current state of the Mexican pharmaceutical market and explains how the acquisition of Laboratorios Grin will help increase Lupin's footprint in Latin America by bringing more expertise and R&D resources.*

**Could you please introduce yourself to our international audience as well as the main operations of Laboratorios Grin?**

I come from Brazil and I have been working for the pharmaceutical industry for the last 27 years. I was mostly based in Latin America in various positions at Glenmark and Eli Lilly and recently joined Lupin, which has now acquired Laboratorios Grin in Mexico. Grin was mainly active in ophthalmology, which represents a new area for Lupin where they are looking to invest.

Grin has been a successful acquisition because they have an excellent product portfolio as well as a solid brand image in Mexico. Moreover, this action will not only allow us to export ophthalmology products to Latin America, but also bring our quality products from other therapeutic areas to these countries.

**Lupin acquired Laboratorios Grin in September 2014 and at first glance, both companies are quite different since Grin is focused on ophthalmologic treatments while Lupin manufactures generics and APIs. Can you explain how the acquisition has been perceived by your clients and how your operations have been affected?**

Nowadays, I think it is a normal scenario. A lot of companies apply this strategy of acquiring local companies to enter new markets because the infrastructures are already established and you can take advantage of some less-advanced therapeutic areas in the country. This strategy can be successful as we can bring more innovation and investments in the acquired plant to increase productivity and know-how.

The different therapeutic focuses of both Lupin and Grin do not play an important role in the acquisition, as in the end, the core business remains pharmaceutical products. The technical aspects can always be developed. I hire a sales representative for his/her talents in sales and not because he/she has experience in a specific therapeutic area. Moreover, I deeply believe that opening a new therapeutic area can lead to many new opportunities. The idea for Lupin was to acquire a company in a new therapeutic area to create better opportunities in Mexico but also in other countries.

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**As you mentioned, you were recently appointed as CEO of Laboratorios Grin. What is your assigned mission and what is your strategy to ensure the success of the affiliate considering the high dynamism of the industry in Mexico?**

First of all, I have to strengthen the business in ophthalmology by ensuring a solid implementation of our products in the Mexican market. Then, I will tap into new therapeutic areas to strengthen our overall business in the country. In the next five years, I want to have opened three or four new areas that are already strong worldwide such as antibiotics and respiratory, where Lupin has already a robust portfolio, or CNS. I am also continuously looking for new opportunities such as acquiring new products or product lines.

Lupin's strategic plan to face the industry's challenges is already set for next year and the main strategy is essentially focused on implementing our brands better than our competitors. The industry in Mexico has always been worked closely with sales representatives going directly to doctors to present their products, therefore I will be focusing on a well-trained and high-performing sales team to remain ahead of our competitors.

There is one final objective for us: we aim to be the leader in ophthalmology and will be entering further therapeutic areas to help us be perceived as a strong pharmaceutical company in the country.

**Right now, Grin is engaged in the development, manufacturing and commercialization of branded ophthalmic products. Could you expand on your portfolio and what areas are you targeting?**

We already have a portfolio that covers most, if not all, of the ophthalmologic diseases that exist so the major focus is now on innovation. We would like to offer association products that are not available in the market at this time. Ophthalmology is our pillar and represents more than 85 percent of our revenues today. In the future, we are hoping to develop a more balanced portfolio, as we will increase our presence in other therapeutic areas.

**Market access in Mexico is certainly a challenge. What is your distribution strategy to ensure that you can get your products to the patients in the most efficient way possible?**

We are working with some distributors that are strong enough to distribute and spread our products throughout the country. There are more than 50,000 pharmacists in this country so you can go and meet all of them or you can focus on the few big pharmacy chains which regroup around 1,600 pharmacies and cover the whole country.

**As one of the leading companies in your niche, how can Laboratorios Grin help the government communicate more on prevention practices?**

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The government is currently focusing on the most important public health burdens in Mexico. For example, they are giving free AIDS treatments for patients and offering insulin to diabetes patients because these diseases have become a significant problem in the country. Currently, our footprint in the public sector is not significant; however, it could conceivably be bigger in the future.

**Could you explain how Laboratorios Grin-Lupin is innovating in order to keep up pace with the latest industry trends?**

In the past, most of the pharmaceutical companies were 100 percent focused on innovation. In the last 25 years, there was an important shift towards generics and brand generics, especially because nowadays it is more difficult to develop innovative products or new molecules.

Now, some companies which were exclusively focusing on generics such as Teva now have higher R&D investments than the big pharmaceutical companies such as Bayer and AstraZeneca because the industry is shifting towards innovation again. Lupin is following the same path and we are

looking to increase our R&D investments. We acquired Grin, with a small R&D department that we are going to develop. However, innovation can be many things: a new molecule or a combination of molecules, a new way to take the drug or a drug reducing the side-effects.

In the upcoming years, we are planning to launch innovative products in ophthalmology. We will also bring some of Lupin's products to Mexico. In the mid-term to long-term future, we want to enter the market with a new molecule. The final goal is to establish ourselves in different therapeutic areas to become a diversified pharmaceutical company.

**What have been the advancements of Lupin so far in expanding into the Latin American market and what is the role of Laboratorios Grin within this internationalization strategy in Latin America?**

We are starting to develop products for Brazil because we also have a subsidiary there. We do have some exports in other countries in South America through local partners. We will then start expanding and exporting more products to Central American countries, some islands as well as a few South American countries.

**Cofepris aspires to be the standard of quality in the region, how do you consider this as a potential lever to continue driving the internationalization process?**

It is very good as it will reduce the timeline of getting our products approved in these countries. Moreover, most of the time, when a product is approved by Cofepris, it can get a fast-track approval for other countries which recognize Cofepris' standard of quality. We are currently taking advantage of it, however it is changing as some countries are now getting laws and regulations, with their own regulatory agencies controlling the plants. Therefore, having countries accepting products according to Cofepris' standards is a great advantage for us and will foster our exports.

**Grin is positioned in Mexico as the second largest ophthalmic player by prescriptions and the fourth largest ophthalmic player by value. What are the key competitive advantages that really differentiate Laboratorios Grin from its big pharma competitors such as Novartis and Allergan?**

Our strategy is to have high-quality products at an accessible price. This explains why we are second by units but only fourth by value. Today, when you look at the opportunity, our patients can choose among five or six similar products so the decision-making process will be playing on both quality and price, which is why we are basing our strategy on both elements. The decision will also be made by our capacity in positioning our products in the doctors' and patients' minds. We are

working on strengthening our salesforce to make sure we can stay above our competitors and become the leader in prescription.

**You have been working in the pharmaceutical industry for 27 years. What are the values and skills that you bring to this company?**

I bring a good mix of experiences to this company. I started working with a national Brazilian company, worked then for a 100 percent innovative company and finally for an OTC generics and brand generics manufacturer. Therefore, my market knowledge is not focused on one sole area and I have a deep understanding of the whole industry. Being on both sides, I have built a broader view that allows me to define the assets that a company should have and find the best growth opportunities.

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