

Interview: Orlando Silva Fernández - General Manager, Zurich Pharma Mexico



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Zurich Pharma was created with the vision of becoming a leader in the oncology segment at the international level. General manager and founder, Orlando Silva Fernández, discusses how state-of-the-art technology will help the company move to the next level.

Zurich Pharma was founded back in 2004. What has been the vision behind the creation of the company and what have been its major achievements over its ten years of existence?

Zurich Pharma is the result of the vision of three investors —including myself—, who have always worked in the pharmaceutical industry. Our company is a product of thoroughly analyzing both the Mexican public and private markets. We wanted to make a difference and focus on an unattended niche, which could provide us with a competitive advantage. For this reason we decided to enter the manufacture of high-quality oncology products. However, we were able to start operations only three years later due to changes in the regulation. Back in 2004 if someone wanted to launch or register a new drug or product, it was much simpler.

Technology was the way to go. We started manufacturing products using nanoparticles and liposomes, which provide patients with many added benefits. Today our production plant located in the state of Hidalgo is the only in Mexico featuring these state-of-the-art technology. We maintained a clear picture of what we wanted: it could have been easy to import all the products,

but we really wanted to produce our own drugs, even if this process took us more. Last year, after an extensive period looking for the right combination of qualified personnel and technology, we finally crystallized our ideas into our first drug. Today, we have four new high-specialty products in the final phase of development and another 43 products in a less advanced development stage. We have many new launches in the pipeline at different development stages, so we never stop working to become the drug company we always dreamed of.

Is there a specific model of technology transfer that you implemented? Did you work along with academic institutions or R&D centers?

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We joined forces with several international institutions and top-notch research centers. During this process we received high specialty training and know-how from experts from all around the world. Some different developments have been done with our own resources and research: our own initiative led us to the development of new biotech soft gelatin capsules, which have been costly but well worth the effort and time invested in them. It is also worth mentioning that all of these new endeavors have already been regulated and authorized by the Ministry of Health.

What has been your strategy with the Mexican government?

Our main client is the INCAN (National Cancer Institute), providing specialized medical care for cancer patients and acting as a center of reference for cancer in Mexico. Besides medical assistance they also function as a center for medical education and research. INCAN is a very demanding organization in terms of quality so, in order to be competitive in this market, we need to constantly improve our technology and constantly train our personnel; otherwise, we would be out of the game in the blink of an eye.

In order to lower costs and make processes more efficient, the government is changing its way to make drug purchases through consolidated procurement. What benefits does this practice bring to the healthcare system and how do you think it will evolve in the future?

This year the extent of purchases amounted to nearly USD 3.4 billion and the total number of participants jumped from 14 to 43, with an increasing number of Mexican states – today a total of 19 – favoring consolidated procurement as a way to increase efficiency and re-channel resources. I think this purchasing scheme will be fine-tuned and perfected as time goes by and more states will participate in it, which will derive into a total integration of the system and a much more efficient

model.

Especially at *Seguro Popular*, the national health insurance program implemented a decade ago, this new practice will bring only advantages. In the past some states had access to resources that others didn't, there was a lot of inequity with regard to distribution of resources and often the budget was insufficient, so some states had to look for additional funding. To cope with this unbalanced situation, the government is trying to emulate the successful procurement model of the IMSS (the Mexican Social Security Institute), which is its oldest and largest institution. By following IMSS' footsteps the government is slowly imposing these new methods to its states; it is a matter of continuity and learning from past mistakes until we reach a point where everything works like a well-oiled machine.

One of the most important achievements of recent years has been the recognition of COFPERIS (the Federal Commission for the Protection against Sanitary Risk) by PAHO as a national regulatory authority of regional reference, facilitating exports to Mexican companies. Considering that one of the objectives of the company is to become leaders in the oncology segment at international level, what opportunities does this recognition offer to Zurich Pharma?

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It is widely known and recognized that Mexican pharmaceutical companies so far have not been very interested in exporting their products. Most of them are happy in their comfort zone because they have a large market that seems to work fine. On the contrary, we have always envisioned Zurich as a high-specialty exporting company. COFPERIS' recognition has had quite a positive impact and opens new horizons for us, while it will help Mexican entrepreneurs' mindset evolve.

In the short term we are interested in expanding towards Latin America – probably neither Brazil nor Argentina, which are complicated markets, but Chile could be a good starting point. Afterwards, we may try to enter Colombia, Venezuela and other small Andean countries. After consolidating in Latin America and because of the highly specialized products we offer, we would like to expand to Europe and other emerging pharma markets like Vietnam, Pakistan and Algeria, which have large populations interested in the products we offer. Fortunately our production plant relies on sufficient installed capacity to comply with increasing demand, so there will be no need to do any further expansion.

Human resources seem to be a very important issue for young and veteran companies alike. As a recent yet energetic company that has thrived in the industry for ten years,

what are your impressions?

One of the first things we noticed before starting the company is the turmoil created when many shareholders get equal decision-making faculties in the operation of a company. At Zurich we are three shareholders, but we decided it would only be me to take care of operations; my partners are very welcomed to provide their advice, but we have a very set organization to make sure we can be as efficient as possible.

We consider human resources as the most important asset that we have. Before doing anything, we meticulously planned who was going to be in charge of what. As a result, several employees, such as the plant manager, have been with us since the very beginning of the company. We have made sure our people can develop, as we want them to grow in parallel with the business. We base our human resources on trust and transparency and always look for people that believe in the company.

What changes will we see in the next five years and where do you hope to see Zurich by then?

I foresee the company offering new products, in oncology as well as in new therapeutic areas. Talking about the Mexican market, we would like to widen our footprint. Currently, our products are very well-recognized by physicians at IMSS, but in future I would like to see Zurich having a similar relationship with INCAN and see the guild of oncologists recommend our products all across the country. I also see a company moving into exports. We do not want to depend on the Mexican market, so our exports should represent a significant share of our overall sales. The global market is so big; why limiting ourselves only to this geographic area?

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