Interview: Rafael Salamanca – Founder, Depósito de Drogas Boyacá, Colombia

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Rafael Salamanca, the founder of Depósito de Drogas Boyacá, shares his insights on the recent developments of the company in the challenging Colombian logistics environment, while revealing the essence of the company's success relying on the combination of key factors: product, amount, customer, place and time.

You've been in the supply business for over 40 years as a founder of DDB. Could you tell us about the main recent developments of Depósito de Drogas Boyacá?

Over its 40 years of business activity, Depósito de Drogas Boyacá has been dedicated to providing distribution services in all medical areas-primarily focused on pharmaceutical business- to the Colombian population. Throughout the years, we have developed long-lasting commercial alliances with the best laboratories in Colombia, while getting recognition as a trustworthy company that can fulfill all requirements for standard storage protocols, as well as in the sales and distribution of pharmaceuticals. Recently, we have partnered with a Swiss company Multipharma, based in Zurich and we managed to build an efficient distribution channel, adjusted to both local and international clients. This year has been of great significance for the company, as we have not only started the international expansion by exporting to Venezuela, but also introducing services and activities in the orthopedics and anesthesia field with a Mexican company called Medicus. International expansion through export has been a key component of our business strategy to boost the growth

of the company; in the near future, we will also be targeting markets such as Ecuador. Additionally, we have been establishing corporate social responsibility through the creation of a foundation GIOIA atending HIV patients, who were sexually abused. This was achieved through a partnership with an Austrian NGO Aldeas Infantiles delivering nutritional products for abandoned children. Additionally, we have been strongly working in collaboration with the government to implement these programs and benefiting the society by contributing our part to social purposes.

The pharmaceutical industry is quite a turbulent one, marked by dynamism, uncertainty and complexity. What are the main changes that have affected the pharma distribution segment in the last years and what are the main trends that you identify in the industry?

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Colombia has been experiencing a growing number of new entrants in the pharmaceutical industry, predominantly targeting chronic diseases, oncology and preventive medicine. We have been experiencing some difficulties due to price regulation that decreased margins in the industry overall. Nevertheless, logistics in Colombia still remains the biggest challenge as the country lacks infrastructure and features a lot of inaccessible locations and rugged geographic territory that consequently results in high cost transportation and increases the final product price. In line with that, we are working hard on trying to overcome this challenge; a challenge that is of critical importance not only for DDB, but also for the government and the industry.

In light of these changes, how have you reacted, and which strategic choices have been a key to your success?

DDB has in its possession a considerably important database of information on the market and the institutional volume. Nevertheless, we use this information to grasp greater knowledge and anticipate the upcoming trends in the industry. Besides, we are gathering information on behaviour of the most important institutions in Colombia to better understand the consumption of medicine and the market fluctuations to satisfy the needs of consumers. Moreover, we have an intensive knowledge of the entire Colombian healthcare market that we gained during the past 40 years we have been in the business.

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Over time DDB has diversified into different products. Could you walk us through your portfolio of products and services?

DDB has been authorized by over 70 pharmaceutical laboratories to distribute a vast portfolio of products, ranging from generics, biologics and oncology medicine. The service offered by DDB is in a mature stage of its lifecycle, aiming to augment market participation. Our business strategy has been primarily focused on meeting the values promised to the customers, that need our expertise. What differentiates us is the superior delivery and customer satisfaction that has been achieved by accomplishing delivery times, amounts and descriptions, followed by 24/7 service provided to the customer. This has generated a brand recall of an excellent service. In the meantime, we are aiming to shorten the response time and maintain the market competitiveness. Highest quality standards embellished with superior products and services coupled with continuous dedication to finding new ways of improving the business model, is a core philosophy of DDB. Our most recent therapeutic focus has been targeted to two new lines: our focus on distribution of infusion systems in strategic alliance with Hospira and the second one refers to pharmaceutical kits, the so called bundling strategy under the Corporate Social Responsibility through GIOIA.

With regards to this, how has the company been performing financially?

In terms of revenues, last year we reached between a range of 28 and 35 million US dollars w w wwwith the yearly growth rate of 25 to 29 percent. However, this year we are coping with the challenges of price regulations. This being said, the potential loss caused by price regulations will be balanced by higher export rates and new strategic alliances with Indian companies, as we have identified a market opportunity in this niche. Nevertheless, ambitions for this year rely on maintaining the same numbers.

What is your strategy to continue boosting the growth of the company?

Our focus will remain in further diversification towards medical devices and equipments while establishing new alliances with worldwide companies. In the meantime, we are opened to new opportunities identified in the market. We are committed to access control mechanisms and actions to maintain the quality of all pharmaceutical and medical devices we distribute. In this regard, technology is a critical factor to success; we use state-of-the-art information system LIBRA accompanied by the most innovative solutions in the Colombian market. Our forthcoming business actions will involve building trust with customers and values that other companies do not possess; customer is and will continue to be in the spotlight of our entire business execution to whom we can offer tangible and intangible benefits. The essence of our service can be described with five key ingredients driving the company’s success: right product, right amount, right customer, right place and right time. In addition, we give precedence to quality rather than quantity, while ensuring that we remain at the forefront of the prevalent trends in Colombia.

What would you like our readers to think about when hearing the name DDB?

Very simple: a distribution company dedicated to much more than medicines; providing the highest quality standards and superior service that meets the client’s need.

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