Interview: Eduardo Martins – President Director, Pharlab, Brazil



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Eduardo Martins, president director of Pharlab, provides insights into the "2020 vision" that has been driving the eye-catching development of this ambitious domestic company and documents how Pharlab is leveraging the expertise and added value brought by France's Biogaran, the company's new owners, to sharpen its competitive advantage in the Brazilian market.

You have vast experience in the pharmaceutical industry. Could you walk us through the main milestones that led you to take over the helm of Pharlab in February 2017?

I have been working in the pharmaceutical industry since my early twenties. I actually started at Altana where I was national sales manager when the company's pharmaceutical division became part of Nycomed [in 2006 – Ed.]. A few years later, Nycomed was acquired by Japan's Takeda, where I subsequently held several senior positions in both the prescription and OTC businesses. In 2012, Takeda decided to strengthen its Brazilian footprint through the acquisition of the domestic, mid-sized pharmaceutical company Multilab, and I was appointed Managing Director of Takeda's Multilab division. While I was essentially focus on the marketing and sales side of the business, this position provided my with a great opportunity to head an organization holding a substantial manufacturing footprint, and I was notably entrusted with the mission to foster the integration of Takeda and Multilab.

By the end, of 2015, I was invited to evaluate the Pharlab project by the company's new owners, and it immediately appeared to me that Pharlab held a great development potential. Pharlab was acquired in 2012 by France's Biogaran, a generics-focused laboratory founded in 1996 which is part of the Servier Group. Biogaran has been extremely successful in France and is now competing neck and neck with Mylan to reach the leadership position in the French generics market, thanks to a differentiated services offering and a portfolio of more than 900 products covering a wide array of therapeutic areas. Nevertheless, Biogaran had no international presence prior to 2012, and therefore the acquisition of Pharlab stood as the company's first step outside its domestic market.

I immediately considered that Biogaran's remarkable achievements and experience in France stood as a great basis to enhance Pharlab's footprint in Brazil. Furthermore, Pharlab's new owners have conducted significant investments between 2012 and 2015 to upgrade the manufacturing and commercial capacities of the company, and – when I took over in February 2016 – Pharlab was already ready to trigger a new phase of growth with enhanced capabilities. In this regard, my fundamental mission was to further integrating and tailoring Biogaran's added-value to the requirements of the Brazilian ecosystem and bring our new entity to the next level.

In this regard, can you provide insights into the Pharlab 2020 vision that you started implementing over the past 12 months?

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This vision summarizes the journey that the company aims to accomplish over the next three years. Before Biogaran's acquisition, Pharlab stood as a relatively small company, with a portfolio of around 80 commodity generics and a scope of action essentially limited to the state of Minas Gerais, where the company was founded in 2000. Furthermore, Pharlab was essentially active in public tenders and had a very small presence in the retail sector. By 2020, we however want Pharlab to truly carry out the Biogaran philosophy in Brazil thanks to outstanding product and service portfolios and eventually be recognized as a modern, competitive, medium-size pharmaceutical company in Brazil.

We officially triggered the beginning of this transition period on August 5 2016, the day that marked the opening of the 2016 Summer Olympics in Rio, and we now concentrate our efforts on three main axes: portfolio broadening, geographical expansion, and commercial development.

In terms of portfolio, we launched over 40 new products over the past twelve months and therefore increased our offering by 50 percent to reach 120 generics products. In this regard, we strive to offset Brazil's lengthy timelines for product registration through an aggressive partnerships

strategy. The size of Brazil’s pharmaceutical market and the country’s high operation costs imply to reach a critical mass to be truly competitive, and our target is to hold a portfolio of over 300 products within the next three to five years. In terms of positioning, we concentrate our efforts on building a portfolio of differentiated products, while we may consider branded generics and potentially biosimilars products in a second phase.

On the commercial side, Pharlab’s historical focus on public tenders and small, independent pharmacies meant that we were not present in various strategic private sales channels and product segments. We then started actively targeting new customers in both areas – retail and hospital markets – and also entered new product categories. At the end of the day, our objective is to build Pharlab’s presence in all market segments which we have identified as potential growth drivers for our company.

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In the meantime, we have been leveraging our strong historical roots in Minas Gerais, where we stand as markets leaders in several product categories, to enhance a strengthened commercial presence in strategic states and steadily develop a country-wide presence across the entire Brazilian territory.

You mentioned the importance of partnerships in your growth strategy. What kind of products and partnerships are you targeting in priority and why should potential partners choose Pharlab?

At the moment, our objective is to aggressively develop our product portfolio through various sources, which includes bringing to Brazil different products from Biogaran’s portfolio as well as from external partnerships. This inorganic strategy actually stands as a legacy of Biogaran approach implemented in France, where the company follows a unique business model based on third parties outsourcing, as Biogaran does not hold in its current portfolio any internally manufactured products.

However, we still stand in the first phase of our portfolio strategy, and our main objective is ensuring it rapidly holds the critical mass of our portfolio that we target, while in the meantime we have been reorganizing our company’s staff, scaling up our production plant and transforming our manufacturing processes to ramp up this growth endeavor.

In the meantime, our recent product launches prove that Pharlab stands as an attractive partner in Brazil and that our added value is increasingly recognized by the market. First, we hold leading

positions in several market niches and geographical areas which can interest partners. Secondly, we can offer various products and/or services as a tradeoff, be it in Brazil or abroad. This aspect is absolutely crucial: being part of Biogaran allows us to leverage the latter's expertise and sharpen our value offering when we seat at the negotiations table.

A bit more than a year after you started implementing the Pharlab 2020 vision, what are the first outcomes you have already reached and the key success factors that you identify?

Our results for this first year actually augur very well: we have been able to penetrate new sales channels and expand geographically, while our sales grew 60 percent and our turnover increased by 40 percent – and the great dynamism of our sell-in is now truly pushing us forward.

When you embark on such a company turnaround, ensuring your people are fully engaged is absolutely crucial. In this regard, we set up an open communication policy which allows our 421 employees to closely follow Pharlab's progresses through monthly and quarterly meetings. Overall, we feel that all our employees are really committed to ensure Pharlab is on the right tracks to achieve our 2020 vision, and this remarkable commitment truly makes it easier to reach our objectives.

In a Brazilian market characterized by domestic powerhouses that have been conquering dominant market shares over the past five decades, what renders you confident that an ambitious, upcoming company like Pharlab can be successful?

Fortunately, the Brazilian market is particularly open and growing at sustained pace. Furthermore, our portfolio holds several strong differentiators while we –above all – distinguish ourselves by embracing a long-term, partnership-oriented commercial approach across the entire value chain. Finally, after having spent more than 38 years working among Brazil's pharmaceutical industry, I also bring to the organization my network and experience to Pharlab. In a Latin country like Brazil, these aspects takes on a significant importance and your reputation truly speaks for itselflf, which either opens or closes doors.

What excites you the most about this turnaround mission you are fostering at Pharlab?

Without any hesitation, it is to build, develop, and support a team of committed professionals, who have a sparkle in the eyes when they envision the outstanding growth potential of our company and are excited to turn our company's vision into reality. In the grand scheme of things, our objectives is to ensure that Pharlab is widely recognized in Brazil as a Biogaran affiliate bringing to our country and its customers a brand new added-value through differentiated products.

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