Interview: Ogari Pacheco – President of the Board of Directors, Cristália, Brazil



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20.11.2017

Tags: Brazil, Cristália, Pharma, Biotech, Manufacturing, Internationalization

Dr. Ogari Pacheco, president of the Board of Directors for Cristália, highlights the unique journey for Cristália over the past 45 years, as one of the most innovative local pharma companies with its own manufacturing operations; the innovations they have brought to both Brazilian and international markets; and his vision for the company for the next 45 years.

Cristália stands as one of the leading and longest-standing companies in Brazil. What would you highlight as the key specificities of the company?

I like to say that Cristália somehow stands as the "Ugly Duckling" of the Brazilian pharmaceutical industry, as we have never been afraid of following a very different development path than our competitors.

Let me give you a few concrete examples. First, Cristália holds 94 registered patents, which is an absolute record for a Brazilian company, and demonstrates our ambitions to continuously innovate over our 45 years of history. Looking at APIs, the entire Brazilian pharmaceutical industry almost exclusively relies on foreign raw materials, which actually make up around 90 percent of the all APIs used in Brazil. As per Cristália, we produce in-house over 53 percent of the all APIs we use. The same goes for the area of biotechnology: we already have two up and running biomanufacturing plants approved by ANVISA, which are producing biologics such our in-house developed collagenase enzyme. As a matter of fact, the latter was conceptualized from a

microorganism derived from the Brazilian biodiversity. While many domestic companies have recently expressed their intentions to enter the biologics space, Cristália already holds a strong foothold in this area.

We are also the first Brazilian company to have a biologics manufacturing plant in Brazil!

Thanks to the utmost commitment of our 5.000 employees, Cristália proudly displayed sales of over BRL1.7 billion (over USD 520 million) in 2016, which does not include the group's joint companies that are specialized in various areas such as ophthalmology and aesthetics.

Is there a particular innovation showcasing Cristália's investment in biotech that you are extremely proud of?

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I have to say Colagenase Cristália, an enzyme used for the treatment of wounds, burns and necrotic tissue. This is one of our greatest achievements. This is the first biotech product derived from Brazilian biodiversity, it will be produced here, it is the only one of its kind under patent, and it was developed entirely in Brazil!

Using plant-based proteins is highly innovative as well. Previously, production was done using animal proteins – collagen – but with the fear of Bovine spongiform encephalopathy (mad cow disease) in Europe, there was an aversion to using animal-derived products in human medicines because of the potential for disease transfer. Shifting to plant-based protein production eliminated this fear.

Biotechnology is critical as Cristália focuses on developing products of the future. We want to bring novel solutions and technologies to the market. This is why we have invested about BRL 450 million (USD 137.5 million) in biotech over the last decade. There is a lot of hope resting on our R&D.

Cristália is the first local company with a biologics manufacturing plant in Brazil. How significant are your manufacturing activities?

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We invested a total of BRL 80 million (USD 24.4 million) in the two production units at our facility. We are currently already manufacturing Colagenase Cristália for both domestic and international markets, and we are also in the final phase of our launch of our human growth hormone product. Both products have also been developed here, which we are very proud of.

Within our industrial complex, we also have two pharmaceutical units, a pharmacokinetics lab, a cancer products unit and a R&D center.

We have a third product currently undergoing clinical trials and expect to finalize them at the beginning of next year. This would be the first biosimilar manufactured in Brazil so that is a hugely important milestone for us.

Currently, Brazil is importing 100 percent of all oncology products on the SUS list. We are currently finishing the construction of a plant for cancer APIs. When this is accredited, we will have the opportunity to expand into the oncology space.

We are working hand in hand with ANVISA to maintain the highest regulatory standards at our manufacturing site.

Within the biologics space in Brazil, many local companies have decided to collaborate on projects instead of going it alone due to the huge costs involved in this market. What made you decide to launch Cristália alone?

Sometimes it is more difficult to do something alone – and sometimes it is not. We have been working in this sector for 15 years now. The local companies that have joined forces to invest in biotech typically last a few years, maximum four. Many of them are now in discussion with governments about potential investments in manufacturing facilities, while we built our facility on our own.

We learnt to be self-sufficient – and to advance quicker. This applies to our finances as well. We do not depend on external financing, because it means we are dependent on external factors, overall economic conditions, and so on. We prefer to rely on internal capital. For instance, we reinvest 90 percent of our revenues. This allows us to maintain our strategy and continuously invest in our own growth.

There was not much biotech expertise in Brazil a few years ago. We had to build our own team, recruit talented and skilled people, and develop our capabilities progressively. Other local companies will have to invest similarly.

How present is Cristália on the international stage?

Our main market is naturally Brazil, which represents more than 90 percent of our business. But we are trying to increase our activities and presence in Latin America as well as the Middle East.

The challenge we are facing is that Brazil still lacks a strong international reputation in this area so we still need to prove and promote our competency and quality globally. Nevertheless, I am proud to say that we are growing, slowly but surely.

There are already other Brazilian companies working abroad. Some of them, however, produce medicines with imported APIs, which means that they are dependent on an external supply source. This is not always very reliable; if their suppliers should suspend production for any reason, it would affect their business, so that is a risk they are taking.

Cristália's strategy is to produce some APIs, particularly the complex ones, where we may have a stronger competitive advantage.

Cristália has had a track record of success for 45 years. What is your vision for the company for the next 45 years?

I invite you to come and see. Cristália is a very serious and honest company that keeps its promises. I would like very much to maintain our strategic direction: a focus on technology and pharmochemical development in our specific therapeutic areas.

Focus is critical. If I want to be the best in Brazil across all therapeutic areas, I will probably not accomplish anything! I would like to maintain our CNS focus, as well as expand into ophthalmology, and further build our aesthetic division.

As a physician by background, I cannot maintain an exclusively mercantilist mindset. I do not produce medicine just to earn money. My intention is to contribute to improving the lives of people. Making a profit is secondary.

The slogan of the company is 'siempre un paso a frente' – 'always one step ahead'. What would be your advice to executives that want to stay one step ahead?

I firmly believe that this is not something you can learn in school. You need to have the vision – which you can pass on to the next generation. I am doing my part in passing on my vision for Cristália to the next generation, and I hope they will pass it on to the next, and so on. This is how you build success.

Cristália has had 45 years of existence and is now a leader in its field. For 45 years, we have maintained this drive to always stay one step ahead. It has not been easy, we have had to work a lot, but this is precisely what I love about our industry. In 45 years, we have had many projects, many challenges, and many successes. We pride ourselves on being a very dynamic company, so we look forward to staying one step ahead for another 45 years – and beyond!

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