

Interview: Hector Enriquez - General Manager, Laboratorios Industriales Farmaceuticos Ecuatorianos (LIFE)



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Hector Enriquez, general manager of Laboratorios Industriales Farmaceuticos Ecuatorianos (LIFE), details the flagship Ecuadorian pharmaceutical company's focus on developing its own market-relevant formulations and the implementation of international manufacturing standards to compete with international pharmaceutical companies in Ecuador.

Could you present LIFE Laboratories' activities and most recent developments in Ecuador?

The Ecuadorian Industrial Pharmaceutical Laboratories (LIFE) have an extraordinary heritage of 78 years of existence. We currently stand as a top ten pharmaceutical company in the Ecuadorian market and we have been the leading domestic manufacturer in Ecuador ever since we started operating. Our revenues in 2017 were around USD 50 million with 400 employees working for the company, most of which are Ecuadorian.

Since the beginning of its operations 78 years ago, LIFE has developed and manufactured the majority of its products in-house in its own manufacturing facilities. While we do not have the tremendous resources, our success is rooted in the company's insider knowledge of the pharmaceutical market and constant focus on implementing high-end standards to our operations. More specifically, LIFE has relentlessly placed the focus of its operations on tailoring its product

development and portfolio to current national needs and has made sure that our manufacturing, commercialization and internal practices matched those of the most advanced companies in the sector. In fact, our role as the third-party manufacturing partner of choice for prestigious international pharmaceutical companies is a confirmation that we have premium quality manufacturing processes and practices. Indeed, these companies are intransigent with compliance measures and regularly audit us.

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Indeed, at every point of the company's existence we were looking for weak signals in the market that would give us an indication of where the market was headed. Accurate reading of the weak signals has helped us bring to market products that were needed at a specific point in time by the population. For instance, Ecuador is currently undergoing a demographic transition that is likely to change the country's epidemiological profile. In light of the aging profile of the population and sedentary lifestyles, we predicted an increase in the prevalence of chronic, age related, non-communicable diseases and have adjusted our portfolio in consequence. Precisely, LIFE used to be the leading player in antibiotics and has recently launched products to cater to the needs of patients in the cardiovascular area. Having said this, diversifying LIFE's portfolio has not affected our drive to consolidate segments in which we have a leading position.

Finally, developing strong business relationships with our suppliers, capable of providing us with the adequate APIs in a timely manner has been a crucial element of our success.

What is the company doing to successfully attract and retain the best talents and how do you intend to maintain your position as the flagship Ecuadorian pharmaceutical company?

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Undeniably, our employees are the backbone of the company's success and therefore our greatest endeavor is to make sure that the people we recruit can contribute to the best of their ability to LIFE's development. LIFE's stringent recruitment policies are in line with our ambition to compete through quality. Furthermore, the realization that internal issues would have to be dealt with by the company in Ecuador has pushed us to always go the extra mile in the selection of our employees. Nonetheless, we are proud to be a company whose history is in the hands of Ecuadorians. Indeed, nationals decide everything in this company, from day-to-day operations to the utmost vital strategic decisions.

In terms of LIFE's corporate culture, I believe, low turnover rates and lifelong careers in the company at hand that we have succeeded in developing an environment in which employees can learn make mistakes and continuously improve in the way that they bring solutions in their own area of expertise without ever losing motivation. One could argue that I myself am an example of this. Indeed, I have been working for the company over 40 years and have had a chance to experience numerous positions before becoming the company's general manager. Successfully attracting and retaining our best talents is paramount if we wish to keep a leading position in the market with its own knowledge and knowing that we are excelling in this sense is a great reward.

Considering the continuous upgrade in regulatory requirement years after year, our processes need regular revision. LIFE has sustained investments in its production facilities and processes. To maintain our position in the market, we have been scrutinizing every opportunity to efficiently prop up the company's innovativeness and operational excellence. For example, we encourage our employees to stay informed of the latest trends in their professional field of expertise by taking advantage of their professional networks. Also, we do our best to foster the interaction of our employees with higher education backgrounds within their working environment. In some cases, we have not found the necessary resources or capabilities to manufacture certain products we were looking to bring to the market. In these cases, we have preferred looking for partners with the ability to produce the product in question. This strategy has and will continue to be resorted to anytime we think it is necessary.

Unfortunately, LIFE's exclusively national presence has been limiting our investment capacity. Indeed, while the Ecuadorian market prospects are good, the reward is always small. Therefore, we are also considering the possibility of internationalization.

Which international markets offer LIFE the best potential and how advanced are you in the process of internationalizing?

LIFE's management is considering opportunities in Central American countries as well as some in South America such as our neighbor Colombia. These markets are ideal given the cultural similarities and their geographical proximity they offer. Besides, this would be the occasion to harvest the series of investments we have pursued to manufacture high quality investments.

Having said this, our internationalization ambitions are confronted with the barriers of entry placed by the National Agency for Health Regulation, Control and Surveillance (ARCSA)'s regional counterparts. Understandably, the regulatory agencies of the countries we are looking forward to enter, are minimizing the sanitary risk their population is exposed to with the registration of

products, however, their actions also appear protectionist to their domestic industry.

I firmly hold that it is ARCSA's responsibility to facilitating the registration of made in Ecuador, products through higher international recognition. Our manufacturing plants are currently being audited by the health agencies of the countries we are targeting and expect to export our products in the early months of 2019.

We have a longstanding track record of providing secure and effective product to doctors in Ecuador and therefore, LIFE is widely recognized by authorities and the medical community for the quality of the products its manufactures and brings to market. To me, this is merely a just retribution of the series of investments we have conducted to enhance the quality and compliance of our manufacturing processes. I genuinely take pride in hearing that doctors no longer question the quality of innovations our sales representative show them, rather they are curious about their benefits for the patients. The next challenge for us will be to build LIFE's reputation in international markets.

What is your assessment of the current public health policy in Ecuador and how can LIFE contribute to improving the situation?

Under the pretext of increasing access, the Ecuadorian health authorities have pursued a price led health policy over the last decade. Such politics have had a negative effect on the ability of Ecuadorian based manufacturers to compete and favored the entrance of unreliable suppliers in the market. LIFE is trying to leverage its experience in the market to convince authorities that adjustments in the price fixing regulations need to be made to reward efforts made by companies to improve the quality of products they manufacture. For instance, our renewed investments in the company's manufacturing facilities have given us the opportunity to work with international pharmaceutical companies but it has had the effect of increasing our production costs.

In light of the fact Ecuadorian regulations give no sense of recognition whatsoever to our high-end manufacturing practices, we are left with pricier products, which we are unable to differentiate in the eyes of the payer. All in all, I believe the current public policies are unfit to increase access to high quality medical products and services in the country. I am looking forward to see ARCSA stepping up the pace in terms of expected quality standards.

Also, current national regulations are negatively affecting the competitiveness of domestic pharmaceutical manufacturers. We will be looking forward to collaborating with the authorities to make them understand that our contribution to the country's development is strategic and that regardless of our inability to produce certain innovative molecules, the government should be

giving domestic manufacturers the ability to compete on equal terms with international importers. In fact, the current levels of domestic contribution to Ecuador's pharmaceutical market are as low as fifteen percent of the market's value, well below the regional average. It appears that Ecuador has the opportunity to create the regulatory guidelines that will foster a stronger domestic industry than there currently is. I expect the pharmaceutical market to grow provided the government does its homework.

What motivated your decision to rebrand the company in 2013?

The company's new logo is relatively similar to the company's previous logos. The decision to refresh LIFE's logo lied in a desire to display the company's constant modernization in line with the market's development. Nonetheless, the logo had to stay relatively similar to the previous because we wanted consumers to know that we were keeping the elements that had made LIFE a successful company in the past and simply upgrading these elements so they would remain relevant in this era. In addition to touching up the company's logo we launched a campaign: "bienestar" to show that our corporation's contribution to the well being of Ecuadorians went beyond the mere sale of our own developed products, rather that the laboratory contributed to improving the quality of life of Ecuadorians.

What is your five-year objective for LIFE?

Considering the market's development in Ecuador, we want to increase our market share in the country. I believe this is only possible if LIFE interacts with the government and that we find the solutions to improve market conditions for local players together. In this regard, LIFE is currently taking part in public private discussions with the new government administration.

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