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Joachim Teubner, general manager of Aristo Pharma Iberia, a generics player, highlights the strategy that has helped the company realize rapid growth during a time in which the Spanish generic market has stagnated. Furthermore, he touches on the importance of self-manufacturing for generics companies and the future aspirations of the affiliate.

How has the company evolved since last time we met in 2014?

We have experienced a strong growth rate over the last few years based on the strategy of diversification. We have been driven by our generics business through pharmacy sales and we now have a large portfolio of over 300 SKUs.

We are constantly looking towards expanding this offering and are launching 30 to 40 products per year. This is through our own product development, licensed products, and the acquisition of portfolios through M&As. This is important as pharmacies are always looking for broad and interesting portfolios as they look to deal with fewer partners and simplify processes.

To engage with these pharmacies, we have 30 people on the road. We still are not present in every autonomous community and province, though we aim to achieve this in the following two years and to grow our sales force to around 60 staff members

What are the main trends impacting the generics market?

Price is king, that is clear. Unfortunately, these prices are not holding stable but dropping even further. Therefore, we compensate these losses in margins on the sales end, by creating a more efficient production operation, and this is a continuous process. I believe that the large pricing pressures being applied will see a lot of consolidation in the generics field and companies that are not back integrated with self-manufacturing, will not survive. Already we see the market beginning to shrink and the number of companies lessening due to many M&As on a global and local scale.

We see that the generics market has stagnated, though Aristo Pharma Iberia continues to show impressive results. What has been behind this upward trend?

As you mentioned, the generics industry in Spain has reached a point of little growth, it is stagnant. Our generic products are the same as our competition and are offered at the same price. Therefore, we must be in some way differentiate our interactions with the health community and be smarter and more agile; a challenging task in a saturated generic ecosystem. This is key as many companies do the same thing, so we must think outside the box and have innovative ideas to be closer to the client.

What are some of the initiatives you have in place to be different?

We focus on our relationships with the pharmacists, to better understand their needs and interests. This is done by providing extra training and information. Furthermore, we have an initiative called - Aristo Camina. The staff of the company undertake a route in Spain; the first year being the Camino de Santiago de Compostela, the second in Murcia, and this year the Camino Royal, from Madrid to Guadalupe.

Along these routes, we meet with local pharmacies and with each pharmacy we meet, we donate to "Farmacéuticos sin Fronteras" (Pharmacists without borders, a local NGO). Thus far, the pharmacies we meet on these routes have been pleasantly surprised, and at the same time intrigued by our endeavours, and appreciate that we are becoming closer to them, in turn, allowing us to better understand their needs.

Pharmacies are important for what you do. Have you been able to penetrate the hospital sector?

We started towards this last year, though we must build up our hospital portfolio before going head first into the sector. Next year we will dedicate four staff members to develop this business and believe it will provide valuable growth for us, despite it being a competitive marketplace.

What are your projections for the remainder of 2018 and 2019?

Obviously, we want to continue growing and not remain stagnant. Saying that, this requires eating into a competitor's market share, so again, we must look to think outside the box. The aim is to achieve double-digit growth and to expand our portfolio even further.

The portfolio continues to diversify. What are the growth drivers for the company?

We have recently expanded into gynaecology, and in September this year moved into the pain area. Within both therapeutic areas we are working to grow our footprint by interacting with physicians, though this takes time, and we must continue on this path to reach the portfolio's full potential in the future.

How do you manage the challenges of a fragmented Spanish market?

You must adapt to the market you are in, as there will always be differences. For example, in Andalusia, 20 percent of the Spanish generics market, they have a tender system. This is a concept Aristo has experience in, within Netherlands and Germany, and we also are taking part in this southern region of Spain.

Overall it is about cooperation with all the stakeholders – payers, pharmacies, hospitals, doctors and administration – and developing with them a business proposition that benefits all parties. Excluding them is a big mistake, so we must always be open-minded to finding solutions to any barrier. Additionally, the fact we produce our own products in Spain, through our production arm, Medinsa, means we can offer attractive prices in an agile manner, a key to the competitive and low-margin nature of the generics business.

What makes Spain such as a great place for Aristo to manufacture?

The company has four plants in Germany, along with the production site in Spain; therefore, the group is quite well integrated. As aforementioned, this is important to compete in the generics market where margins are a matter of cents and meeting client demands is key. We now produce 70 percent of our own medicines in Spain, with 30 percent being done by third parties for smaller batches or when more specialized production techniques are required.

How important is the CMO business for you?

The CMO ecosystem, in general, is very tough, and the prices offered do not make it an overly attractive business. In fact, we have decided to really just focus on the production of our own products and see our CMO operations as a secondary option if an opportunity arises that fits within our strategy. Though we believe, that as Aristo grows into other European nations, we will manufacture even more for the group, as currently we already export Aristo products to other markets, such as the Netherlands and Italy.

With the shift from a CMO company to a generics business, your role has also transformed. How challenging has this been for you?

Coming from a different field means you must learn the new market and needs of the client. That being said, they are in many ways complementary business sectors that are not separated by much at all, making it easier to combine the two facets of the pharmaceutical industry. Though really above all, common sense prevails. It is about seeing what works and what doesn't, and then putting the best practice in place for success.

Spain is the second home for Aristo. How do you continually attract the eyes of HQ to invest here?

Despite Aristo trying to build up other European markets, we continue to be the second biggest nation for the group. This means when we come to HQ with an interesting proposition or idea, they generally give us the authority to act on this.

This quick decision-making process is what has allowed us to be so successful. There are no guarantees in a decision, though if we believe it is a good offer, we make a move and attack the market with speed and decisiveness.

Where will we find Aristo Pharma Iberia in five years?

We definitely are aiming to be a top-five player in the Spanish generics market, building on the pain and gynaecology business, and developing possibly into other areas, such as cardiology, CNS and dermatology. On top of that, we want to grow our reach in hospitals, and overall, we know it is about finding opportunities and going for them.

Many people say business is becoming more difficult, and this is true. Though if you are only looking at the barriers in your way, rather than the solutions, then you only make your life even harder. We will continue to look for ways to navigate the market and break the traditional mould of business by putting in place new innovative ways of thinking.

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