Americo Garcia – Managing Director, Latin America, Apotex

More certainty, a longer-term vision of what is going to happen, and a consideration of how all stakeholders can benefit are needed [in Mexican healthcare]

20.04.2020

Tags: Mexico, Apotex, Generics, LatAm, Strategy, Coronavirus

Americo Garcia oversees Latin American operations for Canadian generics player Apotex. He outlines the firm's impressive growth in the region in recent years – expanding both in terms of portfolio and geographies -, gives his take on the proposed Mexican healthcare reforms, and explains how he has been able to successfully manage such a diverse and complex region.

How would you characterise Apotex's performance in LatAm in recent years and what is its significance to the global group?

Being part of such a diverse and multicultural region makes it difficult to give one overarching statement. However, what I can say is that we have achieved a remarkable turnaround. In Mexico we have grown by between 73 and 75 percent since I joined the company in 2014 and, as a total region, we are two times larger and have increased profits six times over.

In this time, one of our key challenges has been penetrating new territories such as Argentina and Chile in South America, as well as other countries in the Central America region such as Panama and Nicaragua. We have done well in the government sector in those countries and we are now also moving into the private market and expanding our branded division, Apopharma.

This is somewhat unnatural for Apotex which, in the US and Canada at least, is a pure generics company. In LatAm we have taken the opportunity to move into both the pure generic and branded generic segments in the last few years.

What are your hopes for Apopharma? The division is currently only present in Mexico, but do you have hopes to expand it across the region?

The aim is to expand Apopharma primarily through Central America initially because of the nature of the organisation there (own legal entities). Through our partners, some of our branded generics have the potential to expand throughout the region. In Chile and Argentina, for example, a few of our brands are already present on the market because of the nature of the partnerships we have there. In certain therapeutic areas, they are using their own brands, whereas in others they are using ours.

What are the key therapeutic areas in your current portfolio?

We are present in many therapeutic areas, but some of the key ones are gastroenterology and men’s health. We are now one of only three companies to manufacture chloroquine [primarily a treatment for malaria, rheumatoid arthritis and lupus, but currently being studied to treat COVID-19 – Ed.] in Mexico and we are seeing a surge in demand.

We are not present in antibiotics basically, but pretty much everything else.

We also have a few products in OTC such as ESPADIVA. This is one of our key brands with good positioning in the Mexican market for menstrual cramps.

For Apopharma, CNS, pain and anaesthesia are our key segments. We are also about to enter our gastro line into the branded segment.

How receptive are Mexican stakeholders to treatments for CNS diseases? Have you seen a decrease in the stigma attached to these illnesses over recent years?

Yes, we have. Certainly, there was a stigma in the past but nowadays society is more educated and more informed on these kinds of diseases and more open to talking about them more openly. There is a wave of mindfulness and mental health is being given more importance than ever before. One of the key topics surrounding the COVID-19 outbreak and the subsequent confinement of millions across the world is its effect on people's mental health. After this outbreak, things will change a lot in terms of how people perceive these kinds of diseases.

How has the COVID-19 outbreak affected Apotex's operations so far?

America in general is part of a later wave of outbreaks than Europe and China, but in terms of operations, we have coped well so far. It was a huge shift for us to work from home. I like to go to the office and talk to people directly. We reacted quite quickly and had enough computers for our staff to be able to work from home, but had to set out a business continuity plan in terms of how we can continue to bring drugs to patients that need them.

Pharmaceuticals, like some other key industries such as food for example, has to continue its operations in a time of crisis. We established protocols to screen all the people working in our factories. If the scanners at the entrance to the facility detect a high temperature or other symptoms, the worker will be sent to a doctor's office next door.

How confident are you that Apotex's manufacturing activities will be able to continue throughout the entire COVID-19 crisis?

We are hoping to continue throughout the crisis. Especially as we are manufacturing chloroquine, we have to. We have an API facility as well, which is not under my responsibility, but I am working with my colleagues to potentially ensure that more independence from suppliers in India and China. We are trying to establish strict protocols – even simple things such as giving alcohol gel to the employees so that they can take it home and take care of themselves as they commute. Keeping consistency of messaging is also important to reduce the exposure of our employees to risk.

There are a lot of changes going on in Mexican healthcare, with its three types of public insurance being merged under one public body. What effect do you see this having on life sciences in Mexico and especially generics firms?

It is important to mention that emerging markets have to live with two types of diseases – acute diseases and chronic diseases. Developed countries with ageing populations are thinking only in terms of chronic diseases and healthcare systems are set up to combat these diseases. However, in emerging markets investment is still needed in acute diseases such as infections and diarrhoea – which cause many deaths – as well as chronic diseases. Healthcare budgets in emerging markets have to cover both types of disease.

Having universal healthcare coverage has been a dream for all of us for years. It is not new in terms of intention, but rather a matter of not putting all the money we need into developing that coverage. Right now, with this new administration, when I see the budget allocation, I do not think it is going to happen. We need more money and they have been cutting the budgets.

Seguro Popular was moving in the right direction because at a certain age, all diseases were covered and all elderly people had coverage. It may have taken a generation or two, but we were getting closer to universal coverage, at least for that segment of the population.

Now, with the scrapping of *Seguro Popular*, there has been a rethink, but without more investment significant change will not occur. The intention is the right one, I just do not have a clear understanding of how this is going to be implemented. There is a gap between will and execution.

What kind of collaborations is Apotex undertaking in Mexico to ensure that patients can access your products?

We have to push our government to do the right thing. On the industry side, we have to bring the newest products as much as possible within the IP legal framework, be first to market, and bring as many options as possible to Mexican patients.

On the other hand, we as an industry have to push to continue improving the regulatory framework to get closer to the more regulated markets such as the USA, Europe and Canada for the benefit of the Mexican population, public health and even for business. When we have this level of quality, we will be able to export to other countries, even developed ones. In the end this is a virtuous circle.

Given your long experience within the Mexican pharma industry, what are your hopes for its future? What trends would you like to see within the industry in the next few years?

I would like to have more certainty on the legal frameworks. The rules of the game need to be set in stone. Right now, everything is being reconfigured and all these changes in the government are impacting the private sector too. For example, we have certain rules to participate in tenders. By the time a company is awarded with a tender, they have to have the product already in their warehouse – what then happens if they lose the tender? They need to do something with the product and most likely it will go to the private market.

That creates an artificially cheap market that does not foster quality. In the end, it becomes a race to the bottom on pricing. This may seem beneficial for the consumers in the short term, but in the long term will these companies be motivated to maintain their quality levels and take such a big risk?

More certainty, a longer-term vision of what is going to happen, and a consideration of how all stakeholders can benefit are needed.

What are your objectives for Apotex for 2021 and 2022 and how do you plan to remain agile in potentially much-changed healthcare landscape?

In terms of strategic objectives, LatAm has to consolidate our branded portfolio, bring more generic products to market first, and differentiate ourselves from our competitors.

Apotex has had great success in recent years in Mexico and the region. What would you say is the recipe for success for growing a company like Apotex in the region?

Diversification is key – both of portfolio and markets. We have a presence in both the public and private sector, we have pure generics and branded generics. Financial discipline is also important – don’t spend what you don’t have! There is no one solution for the longer term, competition is always going to be there.

Finally, a committed group of people that is aligned and believes in the vision to serve patients in communities.

How do you go about managing such a diverse group of countries – from large markets like Mexico and Brazil to smaller Central American countries?

One of the things I have to do for our headquarters in Canada, which often thinks in terms of pure generics, is explain how we can remove complexity. We have been developing some technological tools that will allow us to be more efficient and synchronised in launches. Companies with only a couple of products in their portfolio can be fast and agile quite easily. However, with a big portfolio and pipeline this is not so.

We also have R&D here in Mexico, so we have to develop products internally. We have some big products coming from Canada but we have some special needs in Mexico for which we can develop products ourselves.

Discipline and flexibility has to be there. We have been building this culture in the organisation over the last five years and it has made us successful. That is why some of our people have been here for such a long time.

Do you have a final message for our international audience?

Rule of law and certainty is what we need. I said it five years ago last time I spoke to you and now I have to say it even louder.

This COVID-19 outbreak is completely changing the world. The old cliché goes that we have to adapt and to change; now we *really* need to work and relate differently. We, as an industry, need to show leadership in these times of crisis in order to benefit the broader population.

See more interviews