

Interview: J. de Ruyter • C. Oroceo President & General Manager, Delex Pharma, Philippines

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J. de Ruyter •

C. Oroceo, President and General Manager of Delex Pharma International Inc. (DPIL), and his team discuss the company's rapid growth in the Philippines since 2013, the key areas driving success for the company as well as their plans to venture into manufacturing and expanding their business globally.

To begin, what have been some of the biggest changes here at Delex Pharma since we last spoke with you in 2013?

We have launched new products, and focused on our competencies which is the hospital pharmaceutical products marketing. This is most especially true in the Intensive Care Units (ICUs) setting and Operating Room (OR) as well. With Delex Pharma having parenteral / injectable products, this is very true. In 2013 we launched primary care products and tried to dwell in this market segment. However, we are convinced that we should strengthen our competencies more on the critical care business, thus tapering off on primary/oral medications.

We have more focus on our core businesses recently, a strategy which is the best strategy so far and has driven our growth since 2013. We currently have more than 30 products in the market, and at the moment our critical care business is driving the most of our growth.

Another change we have seen as well as been the launching of your own distribution services this year. What were the motivations behind this endeavor?

The distribution game is very competitive, however, we believe we could be successful in this field as well. Through launching our own distribution activities, we are able to improve our customer service as our products can now be delivered on time and more accurately to our customers. This process is important due to the fact we are dealing with critical care products. It is important that these are delivered on time. It's common knowledge though that with other distributors, even the bigger ones, deliveries can take up to two weeks! A detriment to the business. But with us, if an order is sent before 2PM, we can deliver on the same day if it's within the metropolitan Manila area and about 2-3 days for the provincial areas.

When launching these services, what have been some of the biggest challenges and successes you have seen?

One of the biggest challenges that we have faced is with hospital accreditations and formulary inclusions for our products. Currently, there are at least 2,000 hospitals in the country, and, with differing individual policies, it takes time to become accredited and included in each of these hospital's formularies. These are both true to private and government hospitals.

In terms of successes, we have been able to penetrate major accounts, including tertiary government and private hospitals. We plan to expand our distribution services as well. We will do this, by increasing the number of people we have and expand our facilities so that we can be able to expand our services more. If you want to compete with the major distributors, we need to have better and well manned facilities.

As you mentioned, the provincial areas do present more of a logistical challenge in terms of access. How has Delex Pharma dealt with this issue, especially now that you are distributing your own products?

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We partner with well known, respected and reputable courier services so that we can be present throughout the country. These partnerships also save us a lot of time and ensure that we deliver to customers as committed. Our partners provide for a 24-hour delivery services. This comes in as a solution for us, and have made the lives of our customers easier as they receive the products they need in a timely manner.

The main overarching goal of Delex Pharma is to meet the gaps in critical care. What do you define as being the main gaps in that sense here in the Philippines, and what can be done to meet them?

Both costs and access are currently the main issues facing the Philippines, and those gaps are very wide and may not be addressed immediately. Issues on products which are not available on the market, are the things that we wanted to focus on and meet the gaps so to speak. There are indeed gaps in the market as most MNCs consider the market here too small to bring needed, specialized products. However, we do care for our customers and patients and we will strive to bring in these products and provide solutions. For example, we bring in norepinephrine (Norepin®) into the market, a critical drug that is used for the emergency restoration of blood pressure in acute hypotensive states such as shock. It has also been used in the management of cardiac arrest. There are other products of this sort which we wanted to bring in. This is the work we are committed to, meeting the gaps in critical care management.

In terms of challenges we are facing, there is a prevailing difficulty in penetrating hospitals, where bureaucracy is somewhat observed. Too many forms to submit, a number of requirements to complete etc. Another concern is that Therapeutics Committees per hospital only meets a maximum of three times to a minimum of once a year. The products that we have now are in the treatment regimen of people who are in the ICU and OR, and it is taking too long for us to be accredited and finally penetrate these markets. Another issue is that there are a lot of competing products in the market and it is becoming to be more difficult and more challenging to convince doctors and para medical support about preferring to use our brands than others. However, we are very much prepared and ready to meet these challenges as our products are as effective but better priced than that of the originators and other competitors. To add, we educate our customers better through Continuing Medical Education (CME) initiatives. Lastly, one of the greatest problems that we are facing in this country is pricing. Other national companies and/or companies from India, Korea and other Asian Countries can easily decrease prices and radically at that, to the detriment of the market pricing stability. This may impact our performance but we do remind and inform our people that since our products are critical care use, utmost quality and a reputable company should be backing these products. Thus, Delex Pharma is here.

I hope that the newly installed government follows through with their announced intentions to improve the processes to ensure faster processing and immediate accessibility of pharmaceutical

drugs in relation to the healthcare program of the government. Although the government already has established policies, processing of applications for both new drug applications and renewal of registrations still takes time. The pharmaceutical organizations should continue working together with the government's Food and Drug Administration (FDA) and make sure that needs and concerns are heard, discussed and resolved. There may be good reasons to create or repeal new laws so that we can ease the burden among the industry players and the population by bringing lifesaving drugs into the country without delay. The past 5 years saw the branded generics really growing faster than the originator brands, this augur well for Delex Pharma. The potential relaxation without compromises of government policies, without sacrificing product quality shall be very helpful to all national companies.

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To address these issues, does Delex Pharma collaborate with the government or other industry players?

We are a member of the Philippines Chamber of Pharmaceutical Industry (PCPI), an organization that represents all of the Filipino owned companies. Here at Delex Pharma, we benefit from that membership. Having a unified voice through PCPI, we have a louder and more effective representation when speaking and airing concerns to the government.

Another issue where we are collaborating with industry players to have changes made with regards to speeding up of registration time of new products. Currently this process takes nearly 2-3 years, longer than in the past. These delays continue to keep away valuable medications from reaching Filipinos who would benefit from them, and is something we are actively trying to explain to the government, through the FDA so that the process becomes shorter instead of longer. Additionally, this inhibits our ability as a company to grow, as we have to wait such long periods of time to bring new products into the market.

Partnering with other companies is key to the continued growth of the company. What qualities do you look for in a partner, and how do you attract them to Delex Pharma?

First, make sure that their products are effective, safe and tolerable. They need to prove this to us through proper and accurate documentations. We conduct plant visits to ensure that processes and quality of the facilities are in place. We also look for partners that are a cGMP compliant. To add, we also have to have the Pharmaceutical Inspection Co-operation Scheme (PICS) approval for potential suppliers. Of course, we also expect the highest levels of quality, especially in terms of the packaging, logistics etc.

Speaking on how we attract partners, we present our company profile, our track records and our strengths. One of our greatest achievements is the credibility of the people behind Delex Pharma. Many of our middle and senior managers are names who are well known and respected throughout the industry. Delex Pharma has been building its reputation and solidifying its position as a dependable and trusted National Company. Our people are our greatest asset, this is very true until today.

When we last met you in 2013 you discussed your ambitions to have a manufacturing facility here in the Philippines. Is this still an ambition that you have?

Yes, we are actively working at the moment to begin the process of building a manufacturing plant. We Filipinos are capable and competent in terms of manufacturing, research and distribution. There are wealth of talents we can tap for this purpose. I am discussing now with a company in Barcelona and they are providing us with the concept and designs for a possible manufacturing plant. We are planning to acquire between 1-2 hectares of land for future expansion and building of the manufacturing plant. We plan to accomplish this in the next 3-5 years. This will be of great benefit, especially in the long term where we wanted to supply our own products and provide some more products which are difficult to import from outside sources.

Considering all of the experience you have had in the pharmaceutical industry, what would you say have been some of the biggest changes in the healthcare system in the Philippines in recent years?

The biggest change has been the adoption of the policies of the Pharmaceutical and Healthcare Association of the Philippines (PHAP) and the Mexico City Principle on ethical marketing within the Pharmaceutical Market. These are good controls which we agree to, however, because of this we at Delex Pharma are working harder to promote our brand more scientifically using daily coverage of our customers and via Continuing Medical Education. With this, we can continue to be consistently ethical in our dealings. We want the Filipino population to associate our products to our name, remembering the brand of Delex Pharma products and Delex as a brand in itself as the Premier Filipino Owned Company. This is what we are doing now through our business development and marketing strategies. You can see this through our advertising and our extensive use of social media. Additionally, we are participating in major medical and industry related conventions as well.

Looking back over the last 3-5 years, what would you say is the accomplishment that you are proudest of?

“We are truly living our goal of “Meeting the Gaps in Critical Care”. This does not only mean that we are meeting the gaps in the industry alone, but internally meeting the gaps as well.”

The development of our human resources is the number one accomplishment of Delex Pharma. We have been able to bring in many talented, dedicated employees. To add, we are able to develop talents from the inside as well. Additionally, over the last 5 years we have begun to focus our energies on products that really strengthen our portfolio. We are truly living our goal of “Meeting the Gaps in Critical Care”. This does not only mean that we are meeting the gaps in the industry alone, but internally meeting the gaps as well. We have worked to put the right people in the right places, and we are ensuring that they have the right expectations set for themselves, and the tools to reach them. This has really driven the growth of the business and our brand.

What is your vision for Delex Pharma in the coming years, where do you hope to have lead the company?

We hope to soon finish the construction of our manufacturing plant, and also have a public offering albeit in a couple of years. We are making sure that we have resources to invest in and continue corporate growth.

Lastly, we hope to expand our operations outside of the Philippines as well. We are ready and capable to take on more challenges. We shall do this by growing our organic products, launching pipeline products and partnering with other companies or acquiring available ones. These and all will take the company to a higher level, the next level!

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