

Jun Eguti – General Manager, Grünenthal Brazil



“One of our key strengths as a company is our commitment to business development – at the global, regional, and local levels.”

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Jun Eguti, general manager of Grünenthal Brazil, highlights the global transformation Grünenthal has undergone in the past two years, the huge potential the Brazilian affiliate has to become one of the largest in LatAm and the exciting product pipeline the affiliate has in Pain Management,

Women's Health, CNS and Gout over the next few years.

Since the arrival of global CEO Gabriel Baertschi, Grünenthal has undergone a strategic transformation. Could you outline the key elements of that, particularly as it relates to the Brazilian affiliate?

Grünenthal is a private, German family-owned company that traditionally has a strong presence in Europe as well as Latin America (LatAm), with partnership agreements in other regions. LatAm represents 40 percent of global revenues today. Since the appointment of new CEO Gabriel Baertschi in 2016, and more recently, our new CCO (Chief Commercial Officer), Mark Fladrich, the company has embarked on a journey to transform itself into a global company.

Most notably, Gabriel and Mark have decided to implement a global structure emanating from our headquarters in Aachen, Germany, in lieu of the more regional structures that exist today, with implications for all business functions from sales and marketing to market access, and regulatory affairs among others. Our existing product licensing agreements and partnerships will also be more aligned on a global basis. This is an important change for the company that heralds a mission to become a truly global pharma company.

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We just had a change in the LatAm leadership, official from January 2018. Typically, global leadership in multinational companies come from developed markets so there is a need to build familiarity with emerging markets dynamics. This is even more critical for Grünenthal as LatAm represents such a significant market for the company, versus larger companies that would derive the bulk of their revenues from the US, European countries and Japan.

How smooth has it been to implement this new global direction within the local affiliate?

The advantage of being a young organization is, after almost five years in Brazil, the team is naturally very dynamic and flexible. There is more of a start-up culture and mentality that helps everyone adapt much more quickly. This is even more necessary in a changing fast-moving and rather unpredictable market like Brazil. As a company, Grünenthal has always been quite an attractive company to work for because of its dynamism.

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The company culture tends to foster a lean management structure by design. Employees have easy access to senior management, open doors policy, and this facilitates communication.

Having assumed the position as GM five months ago, what have been some major highlights in that time?

The Grünenthal entity in Brazil was legally established in 2011 but operationally in 2013; entering in our fifth year now, and have been in a start-up mode for the past few years.

The affiliate has been extremely well-constructed and structured, with a strong sales force team and good coverage of key stakeholders. Currently, my mission is to consolidate our latest three launches and grow the affiliate – becoming an important character of the LatAm story.

To set the context, what is particularly interesting about Grünenthal in LatAm is that, different to the industry's norm, our operations in Brazil and Mexico are not the largest affiliates in the Region. As part of our history and some M&A, Chile is the largest affiliate, including manufacturing as well as

commercial operations.

LatAm as a region is experiencing strong growth – essentially when compared with Asia, and much faster than other regions. Being Brazil, an important market, size wise, there is huge potential for any product. As a result, given our relative newness, Grünenthal Brazil must outgrow the market. This has been achieved last year – and my ambition is to have double digit growth in 2017. Fundamentally, our growth comes from Portfolio Management. Evidence of this is that we started the year with four products and will double that by the end of the year, adding eight products to our portfolio.

Our achievements for this year, not only come from our commercial operations, since our production plant was approved this year by ANVISA (Agencia Nacional de Vigilancia Sanitaria), a highly significant milestone that will solidify our presence in Brazil. We expect to begin pilot production in 2018.

With such ambitious targets, what do you expect to be the growth drivers for Grünenthal Brazil?

Globally, Grünenthal is a company focused in Pain Management, CNS and Gout. Apart from that, the company has allowed countries to explore local opportunities, especially in the Primary Care market. This aligns quite well locally as Brazil is still a primary care market in terms of growth potential in the short term.

Pain is naturally the cornerstone of our operations, and the new products are expected to launch after 2019. Palexia®, one of our global brands, was approved in Brazil and licensed to J&J. It is not already launched, since it is undergoing a few post-approval changes. In alignment with Grünenthal's global strategy, we will be launching new indications in palliative care for two of our most important pain brands, Tramal® and Versatis®.

Another important franchise for Grünenthal in LatAm is Women's Health, which represents a core business for our affiliate. Currently, we have three products in the market and also have a series of products in the pipeline that will be launched from next year.

Zurampic®. Grünenthal's first global brand for gout, is to be launched in Brazil between 2018/2019. The product has been launched in the US and in a few European countries has received approval for reimbursement under their social security systems. Brazil, is expected to be one of the first markets in LatAm to receive Zurampic®. Among the challenges that need to be managed is the fact that this is the first gout product introduced to the Brazilian pharmaceutical market in the past two to three decades. This is due to a variety of reasons: priority review was not granted to this disease, gout is under-diagnosed/treated in Brazil, despite being a disease affecting mainly the elderly, and there has been limited innovation in this area. We are therefore extremely excited about this upcoming launch, which will also be the first product launch, in a new therapeutic area for Grünenthal Brazil.

What are your impressions on the challenges and opportunities within the Brazilian pharma market?

Globally, Brazil is one of the top five markets, however the healthcare system is expected to face intense pressure given the increase aging population. The population here is aging at a slower rate than developed markets but by 2050, the population chart is expected to be rectangular. A debate on market access, alternative payment models and new innovations like biosimilars will inevitably occur.

The now healthy private healthcare sector, mainly funded by companies, will face similar cost pressures in a few decades. Currently, the private sector generates 95 percent of our revenues. Unsustainable increase healthcare expenditures will become everyone's problem: companies, pharmaceutical industry and government. At that point in time, Brazil will have a competitive advantage by adopting best practices and lessons learned from Europe and US, which are already having this debate.

Grünenthal's business approach is in the Primary Care model, while our main competitors, big pharma companies, are transforming their business focus to the specialty care model, which affects market access, patient population size and revenues. Henceforth, we are a good option for multinationals not established in Brazil to bring products in.

One of our key strengths as a company is our commitment to business development – at the global, regional, and local levels. We have actively pursued such opportunities and we will continue to do so, whether it be licensing agreements, acquisitions, or co-development partnerships. Even at the local level, we have been empowered to execute such projects and we have three products in the pipeline that have been co-developed with local partners. My personal background and expertise in business development, make the perfect fit with the affiliate's strength in this area.

Within Europe, Grünenthal is very active in-patient support and awareness initiatives. How can the affiliate here leverage on that expertise?

Grünenthal has two global medical education programs for the areas of Pain Management and Women's Health: Change Pain and Gineduca, respectively.

Change Pain which goes beyond the typical product education, focus on the discussion of other key elements of the disease and provide diagnostic tools to Health Care professionals. Due to the complexity and inherent subjectivity of pain, as a disease, our participation directly with consumers is very limited.

In other therapeutic areas like gout, we plan to replicate the success of programs like Change Pain, since there are similar concerns regarding diagnosis, and lack of patient awareness.

Do you have a final message to our international audience?

Believe in Brazil as an opportunity market. While it is certainly not an easy country to operate in and understands, the fundamentals and the potential are here. Nevertheless, there are 200 million people and a very sophisticated healthcare arena, so it is the country to be in and you will always find great opportunities in our market.

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