

Interview: Maurizio Reginato, Commercial Director, Biosano, Chile



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How has the company developed over the past years?

Chile has a very open and transparent market, which requires companies to constantly adapt to the market in order to remain competitive. It is therefore almost impossible to strategize for the long term. A company active on the Chilean pharmaceutical market has to reinvent its business model every three years. Biosanoâ??s strategy is to expand its services portfolio and to increase its export markets.

The limiting factor for the Chilean market is clearly its small population size. Given our expertise in manufacturing products under international standards, our current aim is to build a regional network with which we can expand our activities into the fast growing Latin American market. In 2002 we were the first national laboratory to inaugurate a pharmaceutical plant under GMP standards. And, in order to continue growing and reach more international markets we are enlarging our manufacturing capacity with 30 to 40 per cent.

The Latin American pharmaceutical market is estimated to grow two to three times faster than developed markets over the coming years. Hence, we see an increased presence of international companies such as Abbott and Grunenthal that have made significant investments in the region.

Thus, in order to retain our competitive position in the regional market we are becoming a â??Multi Latinaâ?? company. Multi Latinas are corporations that start in one Latin American country and spread throughout the region. Currently we are exporting to 13 Latin American countries and Biosano is already present with a direct office in Colombia. Additionally we are opening offices in

Peru and Ecuador this year. We have concluded termination agreements with our former distributors with the objective to enhance our presence in aforementioned countries.

Furthermore, we expect to establish a direct presence in Mexico by 2015. The Mexican Institute of Social Security (IMSS) is the largest single public purchaser of pharmaceuticals and other medical supplies in Latin America. However until now, IMSS, only purchases from local companies. The Pacific Alliance, the organization that seeks to advance free trade and economic integration among member states Peru, Colombia, Chile and Mexico, has entered a dialogue with the Mexican government in order to change this situation. This is an extremely positive development and we are therefore hoping to enter the Chilean market as a supplier for IMSS in the near future.

Moreover we are in the process of preparing a registration file for drug product registration in Asia and the Middle East. Other Multi Latina companies such as Bago and Roemmers have successfully expanded their operations in Asia and we aim to do the same. We have already chosen ten products that we will launch in the Asian markets.

What is the balance in revenues between domestic and international exports?

For 2014, we expect to reach the US\$35 million turnover. Exports will account for 70 per cent. However, we are working towards a 50/50 balance as we are increasing the volume of exports significantly.

What could you tell us about your portfolio?

In terms of units we are the fourth largest supplier in Latin America for Small Volume Parenteral Injectable (SVP) products. This is our key focus area and we will therefore increase our capacity in this segment of products. We are currently in the process of significantly expanding our manufacturing capacity, which will allow us to remain a top five player in injectables.

In the fields of diabetes, vaccines and insulin we are a strong alternative to multi-national companies. The market is extremely concentrated with two or three players competing in the same segment. Today we are very much focused on diabetes and our customers are mainly clinics and government institutions. Currently we are pushing ANAMED, the National Pharmaceutical Agency, for registration approval of analog insulin for the treatment of diabetes.

Also, we are looking at biotechnological products. Biotech products are expected to account for 60 to 70 per cent of revenues for the pharmaceutical industry. We are in the process of concluding partnerships in order to launch biotechnological products into the market place during 2014 and 2015.

Through our interviewees we heard about serious delays in government payments to pharmaceutical laboratories. Considering that the public system is the biggest client in the country, how has Biosano been coping with this situation?

Payments from the public sector can take up a long time. This issue has been addressed by the government but until today we have not seen any results. It is especially an issue in the winter when there is an increased demand for pharmaceutical products, especially for respiratory diseases.

Biosano is a supplier for key products in the field of respiratory diseases. For us, in anything we do, we think first of how our actions should affect our final customer—the patient. We are dealing with human lives and we will therefore always make our products available when there is demand.

Nevertheless, this delay period is a very difficult situation for companies, and can potentially slow down the growth of Chilean companies.

Besides delay in payments, what is Biosano's biggest challenge on the Chilean market?

In the past year Chile has witnessed significant mergers and acquisitions activity. GrÃ¼nenthal Group completed the acquisition of AndrÃ©maco Laboratories and gets propelled from being a mid-size company, to one of the top four players in the Chilean market. And earlier this year CFR Pharmaceuticals, Chile's biggest drugmaker, was acquired by Abbott Laboratories for USD 2.9 billion.

As a result, each segment of the Chilean pharmaceutical market a local company has remained; Maver for OTC, Saval for Rx and Biosano in the institutional market as key players in each segment. In our market, if you are not growing as a company you will get acquired. Our objective however is to remain growing with profits. More importantly, we have managed to gain a large share of the public market with high quality products. But today the competitive environment has become tougher as we are competing against some of the largest multinationals.

What opportunities do you see in the Chilean market?

In fact, we have started to market biotherapies that are used to treat rare conditions. Since last year the Chilean government supports rare diseases; a fund of more than US\$ 20 million has been made available.

A lot has been going on around the world in the rare disease area and it is definitely an area that is growing and deserves more attention. For researchers who are trying to assist and do more work for the rare disease sector there is no framework to identify the rare diseases. Chile is now learning from countries such as Argentina and Brazil to understand more about rare diseases.

Biosano has partnered with a European company, a key player in the field of rare diseases, distributing their products. We have already entered discussion with ANAMED with the aim to obtain fast track approval for these products.

What do you think Biosano stands for in today's pharmaceutical industry, and where is there further room for improvement in terms of the company's image and recognition?

The market knows our brand as a serious brand with quality products.

Over the past years the environment has changed. As five years ago we were competing with other Chilean companies, today we compete with multinationals that manufacture their products around the world. Therefore I am proud to say that we are still leaders in our segment, known for our service and high quality products.

At the same time, in order to remain competitive, we must move from a local company to a Multi Latina company. Our aim is to become a key player in the region. In order to achieve this target, we have already established a new brand; Sicma Pharma, our international business unit. In the next three years we aim to have a direct presence in at least five markets around Latin America.

If you were to be invited to give a lecture at a University for young graduates entering the industry, what piece of advice would you give them?

One aspect of business that I share with friends and would like to share with young graduates is that being an entrepreneur is not easy. Lack of professionalism and seriousness could be fatal for the

business. Therefore as a successful entrepreneur you always have to give 100 percent of your efforts.

In addition I would like to say: "eat the world". We are a generation that flies half way around the world for a meeting. And in order to be a key player in any international business you need to be flexible and ready for that.

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