

# Interview: Patrick Troop CEO, Pharma Tycsa, Mexico

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*Patrick Troop, CEO at Pharma Tycsa, explains the company's unique business approach in Mexico developing clinical pharmacies model to address chronic diseases treatment in the points of care and the importance of public and private partnerships to enhance the national health system.*

**Could you please introduce to our international the key activities and operations of Pharma Tycsa?**

Pharma Tycsa is a privately held owned company founded in 2009. Our main business is the distribution of medicines to hospitals, pharmacies and others points of care with strong footprint in the public sector. We are actively oriented towards adding value and better quality of care both to patients and health professionals in general.

**Pharma Tycsa is highly specialized in servicing public bodies, how have you seen the needs of the main social security institutions evolving over the past years?**

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Public and private partnerships (PPPs) and public institutions convergence are the current main topics in the healthcare sector. Notwithstanding that these points have just started to be discussed in the industry, PPPs and the convergence of the public institutions such as IMSS, ISSSTE and Seguro Popular have been already happening in Mexico during the last decade.

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Hospitals and clinics are demanding more and more integral services for equipment to private companies such as Pharma Tyrsa. In my opinion, PPPs are going to improve the efficiency and the competitiveness of the public health system based on the best practices coming from private companies. In addition, this type of partnerships will ensure the financial sustainability of the public health system, which is one of the national objectives in the mid run. In this regard, we are already running integral services contracts with some hospitals to provide all the medicines and drugs that they may need to attend their patients.

### **What are the therapeutic areas you are focused on for each of the main social security institutions?**

We have to focus on understanding what is actually happening in the healthcare sector to ensure that we will be able to provide better services to the health system in general. Indeed, one of the main objectives of the current government is the chronic diseases treatment and we are aligned to that.

It is important to consider that cancer is the third cause of death in Mexico with approximately 80,000 deaths on annual basis and more than 150,000 new cancer patients every year. Cancer is a niche that is dramatically increasing and we have strong presence in this therapeutic area. Nonetheless, cancer treatments are really expensive and, as a consequence, it is quite challenging considering the fact that the government is considering to reduce their healthcare budget for 2017.

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### **Considering that the government has recently announced budget cuts in the health sector in general, what is your strategy to overcome this challenge?**

In order to overcome this situation we have had to work closely with our providers and financial institutions. On one side, we have communicated this situation to our suppliers or pharmaceutical laboratories in order to develop a financial strategy that can be beneficial for both parties. And, on the other side, we have negotiated with financial institutions to obtain better conditions in our financial loans. In addition, and it is important to mention, we have received some financial support from the government as well with more attractive conditions than financial institutions.

The financial management in my business is crucial because in my sector we are always working with high volumes and low margins. Therefore, in our case, it is really decisive to properly forecast the payment and the collection period with our suppliers and our clients leveraging on our financial resources and capabilities.

### **When we had the pleasure to meet with Mikel Arriola, he told us his main objective is to ensure the financial sustainability of the institution while focusing its efforts on chronic, non-communicable disease. How is Pharma Tyrsa contributing to this purpose?**

It is well known that there is not going to be much more disruptive innovation or new discoveries coming from traditional chemical drugs. During the last three years there has been an international trend, but even more in Mexico, where pharmaceutical companies are developing biotechnology drugs to properly address chronic diseases. It seems to be quite obvious since this kind of diseases need more targeted pharmaceutical solutions and the only way to do that is through biological drugs.

Nevertheless the distribution of this sort of drugs poses a challenge to the industry since it is more expensive. In my opinion, biotech drugs are not going to be distributed in massive way but they will be delivered in a more personal model and the points of care such as hospitals and pharmacies are going to play an important role on that.

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Top five distributors are going to dominate most of the mass drugs distribution in Mexico, but our size can be a competitive advantage to really bring biotech solutions to the different points of care efficiently being closer to the end customer and really understanding their needs. In this regard, we are already distributing a couple of biotech drugs targeted to chronic diseases.

**What kind of distribution model are you looking for in order to be closer to the end consumer?**

We are pioneers in bringing to Mexico a new distribution model called "clinical pharmacy", which is already being used in USA and in Europe for instance. In fact, we are already running two contracts with two pharmacies and it consists in giving clinical capabilities to these points of care rather than just consider them as cost centers or drugs warehouse.

"Clinical pharmacies" is a new concept in Mexico that brings clinical or chemistry professionals to the pharmacies to review the prescriptions from the doctors and compare these prescriptions with the clinical historical of the patients in order to do some recommendations if they identify any deviation or alert that could negatively affect to patients health.

**What are the main benefits of this new model?**

In my opinion it can create several positive impacts both to patients and the health system. Firstly, it ensures that the patient will receive a better solution to cure its disease minimizing the probability of consuming the wrong drug because of any deviation in the prescription. Secondly, and as a result of the first one, the probability of hospitalizing the patient again to cure the disease because of the wrong prescription decrease drastically and, therefore, the costs per patient are reduced and the productivity is increased.

There are several international statistics that measure the potential economic impact that a deviation on the prescription could have and it is huge. New models as "clinical pharmacies" have to be developed to really address this challenges and improve the quality of life of the patients. We have been developing this model for more than three years and it is not used at all in the public sector and barely in the private one. We have identified this opportunity in our business and we are advancing towards that.

**What are your competitive advantages that make you the provider of choice in the industry?**

My prior experience of more than fifteen years in big pharmaceutical companies such as Johnson and Johnson and Bard has been a lever of success because it has helped me to really understand the multinational companies needs in terms of compliance for instance.

Pharma Tycsa is a reliable, trustable and transparent actor in the industry and these qualities are not always easy to find. Our experience and our qualities make us the provider of choice for the industry.

**The distribution market is set to grow between 4 and 6 percent in 2016. What is the growth target you establish yourself for your first year at the head of the company?**

I am proud to confirm that Pharma Tycsa is going to experience a growth of approximately 15 percent by the end of 2016 and we expect a double-digit growth for next year as well. These figures are a consequence of the strategy implemented at the beginning of the year where we decided to aggressively participate in public tenders.

We are preparing our infrastructure and our capabilities to ensure that Pharma Tycsa will have stronger participation in public tenders next year. However, I am fully aware about the challenges in

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terms of margins and, as a consequence, financial management is going to play a crucial role in the health growth of Pharma Tycsa.

**What are the key objectives that you would like to achieve in the upcoming three years?**

One of my main objectives is to continue developing the "clinical pharmacies" model in Mexico in order to enhance the chronic diseases treatment in the different points of care. In addition, I would like to see Pharma Tycsa strongly participating in public tenders as well as enlarging its presence in the private sector through providing "integral services" to private hospitals.

All these goals need to be encompassed with solid financial management as well as efficient IT tools to support all the operations and processes to properly measure the quality of care that we are delivering to our customers and patients.

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