

Interview with Carlos LÃ³pez PatÃ¡n , Director General, Productos Medix S.A. de C.V.

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Can you tell us a little about the history of Medix and about the company itself?

Medix is a 100% Mexican company created in 1956, and our major strength is that we produce products and services that are differentiated from the rest of the market, and have added-value.

When Medix first started, the idea was to commercialize products, and then we went into technology at the end of the 1960s and beginning of the 1970s. At the end of the 1970s and early 1980s we started to manufacture our own drugs using our own technology, and finally we started selling to foreign markets in the 1990s. Finally the company was institutionalized with a professional administration and a board of directors during the 2000s, and it stopped being run as a family business which was essential in order to accrue the financial and marketing resources we have now.

We try to develop products that have a competitive advantage related to the actual treatments and improving patient adherence to those treatments: we do not focus purely on quantity or volume, but on particular advantages for each product compared to the next, which can range from particular drug release systems to unique drug combinations. We also work hard to get the most productive sales representatives behind our added-value products to support our marketing model and to get our products out there.

With regards to performance, last year the company grew an impressive 35%. How was this growth achieved?

We have always had a branch of products to fight against overweight and obesity but five or six years ago we turned it into our main business unit where we also integrated and consolidated the whole work of the company. Everything that we have been working on since 2007 was built and constructed around this concept- the integral management and treatment of obesity and being overweight.

Since we started reinforcing and developing this central model, we have been growing very rapidly: the annual average increase rate is 20% and the highest growth was close to 35%, and the main reason for this was because we have not just been offering one or two products, but an entire catalogue of individualized services and products.

It is important to recognize the three phases in obesity treatment, the first step being diagnosis. This is where we produce a complete and individual patient profile, specific to that person. Physicians with the ability, the skills and the knowledge to diagnose the disease will treat it using products that

specifically fit the needs of each patient. The second step is to treat and manage the disease, and the last step is to maintain the healthy weight achieved by the completion of the first two steps. By creating products for each step in the process- the diagnosis, treatment and maintenance- we are not just offering a product, but an holistic solution that addresses many factors in the equation. Because obesity is a multi-factorial disease, we need to continually develop and work with new partners, companies, researchers, teachers and whole universities in order to ensure we can cover every possible avenue of the disease.

Last year we were the first company on the IMS evolution index, and in the last five years we have advanced from number 48 in the whole pharmaceutical market to number 31, that's a great achievement and our approach is working.

The World Health Organization says obesity is going to be the next global epidemic. In this sense, how has Medix helped shape the Mexican market?

We are #1 in the private prescription market supplying almost 40% of the total units, and almost 60% of the total number of prescriptions. Basically, we are the number one option for physicians in order to treat obesity. With this strength behind us, we want to participate successfully in the OTC market as well - an area that we have not traditionally focused on. The philosophy and approach for this will be the same: health comes first, aesthetics come second. Rapid weight loss is not the correct way to go and it can be very harmful for a patient's health if they are not treated properly. We will use the same approach for OTC as we do with the physician.

Medix is quite involved in clinical studies here in Mexico. What are your thoughts on Mexico being an advantageous country to be doing clinical studies in?

I think Mexico is an excellent location for doing clinical studies, first the cost in comparison with developed countries is cheaper. Second we have a lot of independent companies in Mexico that specifically test pharmaceutical products for bio equivalency in order to renew their registrations. I believe there are around 20 to 30 of these companies experienced and authorized to do clinical studies. Third we have a diverse population in Mexico with a range of ethnic qualities: you can mix different ethnic characteristics in order to have a multi-centric study here in our country.

Mexico is also close to the USA, and since the local pharmaceutical industry is growing on a fast speed track international companies may consider clinical trials here.

What is your opinion on COFEPRIS and the way it has developed?

I think COFEPRIS is doing a very good job and recently it has really speeded things up and are in the process of complying with international rules too. They are working very hard with the Pan American Health Organization to certify COFEPRIS in the next few months, and with this recognition Mexican pharmaceutical companies will have their foot in the door for international business and be able to launch products abroad with more support.

I believe COFEPRIS is also working with educational and research institutions in order to get more technical knowledge and experience to analyze the products they are receiving, and facilitate the process of assessment. Clinical trials are also assessed and checked, which is another reason to attract foreign companies to Mexico.

Mikel Arriola told us that he doesn't just see the COFEPRIS as a regulatory body, but an economic promotor. What are your thoughts?

Yes I completely agree. When you talk to Mikel, the main idea he transmits is not only medical, but economical, and specifically how COFEPRIS can support the exportation of products and services. He says we need to regulate the pharmaceutical industry but at the same time to promote it. They are not opposite objectives; they are complimentary goals that can be achieved in conjunction with each other, which is what Mikel plans to do.

Medix exports products to Argentina and the manufacturing plant has been certified by ANMAT, what is the attraction of this country for Medix?

We have been exporting products to Central America since the 1990s and the 2000s through a distributor over there who sold the products. Now we are exporting more than products, we are exporting the model that I mentioned earlier which is the integral treatment and management of obesity. In general, governments are anxious to have viable options to combat obesity, and exporting the model has seemed to work opening the doors in South America. Although we are able to export this concept of a complete model, it is very important to consider the uniqueness and characteristics of every country. If you try to export the Mexican model to Argentina you might not succeed because every country is different.

In order to achieve this "tailor-made" approach, Produmedix Internacional Argentina need to establish relationships with the authorities in that country in order to understand how things operate, especially regarding health cost investment and social services. The first step is to establish a relationship with the authorities by asking how they would like to handle their treatment of the disease, how important it is in society, and how they are fighting against it, and then Produmedix Internacional Argentina can establish a combative procedure to counter the problem using the options that we have available. The aim is to integrate their interests with ours to achieve a complete and flexible model for each country.

In Argentina they also have a small private market for obesity and overweight in worth around USD\$20 million, which is another good opportunity.

We are going to pursue possibilities in Colombia similar to the way we currently work with Produmedix Internacional Argentina. It is important to note that when we talk about the integral treatment of overweight and obesity, we are not only talking about pharmacological treatment. Diet, nutrition and exercise are extremely important but there are also several psychological, social and environmental factors to consider when looking at treatment in a certain country. These can range from working conditions, food type availability in your area, home conditions, and education. It would be impossible to recommend a treatment without taking those factors into consideration. Based on our experience, in Argentina we have had very good reception from pharmacies and physicians. In Mexico, we have a huge obesity problem which enables us to become experts in the market, and we encourage authorities from different countries to communicate and share their thoughts on such an important subject.

Have you perceived a change in public and Government opinion towards obesity and its treatment in the last few years?

The first step is awareness, and in Mexico we have tried to create awareness surrounding overweight and obesity. The problem is the lack of general access to the tools required to fight against it effectively and as a result, Mexico is #1 globally for childhood obesity and #2 for adults, and growing!

The problem is complicated and not just a matter of getting up, exercising, and eating the right food- we need to find out why people are not doing anything and why they do not have a minimum level of activity in their life. In addition to the social environment of a patient, there are normally other

physical health problems and psychological illnesses such as anxiety or depression. Diet and exercise are part of the treatment but not the whole solution, and to be able to consider all these factors surrounding obesity, the particular problems for each patient need to be analyzed. If you do not solve the cause you will never solve the result of the cause: overweight and obesity.

At the end of the day, responsibility needs to come from the patient to adhere to treatment, but while the cost in terms of finance is enormous, they usually require external help and analysis from an expert. Globally, governments have been getting increasingly involved in creating awareness amongst the population but not necessarily offering the very best solutions. It's a work in progress.

Does Medix have any awareness projects they are running in conjunction with the government or with doctors in order to increase obesity awareness?

Firstly, we have to educate, and schools in Mexico do not have any kind of education related to nutrition. Secondly, the nutritional options available in schools need to be improved, much of your personality, habits and beliefs are developed during the school years, and good nutrition is key. On top of that if we create a well-educated society, people will start to demand a higher quality of food and in turn industry will have to supply it and provide a wider range of nutritional options.

Training and teaching about obesity in higher-education institutions is also something we are doing - we have a specialized 120 hour course we hold in institutions and companies across the country that discusses purely overweight and obesity. We also finance medical training in universities and teach professionals to take a holistic approach when it comes to overweight and obesity, instead of simply isolating specific physical problems to do with comorbidities. We are also working with partners in the area of meals, which helps but it is not the final solution: education and habits are the solution but it is not a short process.

Companies also need to support the treatment of overweight and obesity by starting with their own employees, and we have a Medix team dedicated to this. If you reduce obesity levels by 5% within a company you will get happier and more productive employees, all for a very low investment.

Collaboration is the key to raising awareness and fighting obesity: collaboration of companies, the government, schools, and the pharmaceutical industry.

What particular programs do you have in Medix?

We have a program called Medix Light. Two years ago we received an award from the government for having the best program of this kind, not in the pharmaceutical industry, but in all industries. We are going to receive another award this year for the same program.

Medix Light was an in-house initiative that we now use as the model for implementing in other companies. As part of our culture, the idea is to combat overweight and obesity using an integral approach within the company.

Do you have any new strategies in the pipeline in order to increase your already strong Mexican market share?

Yes, we are also looking at constructing an umbrella of treatments in order to provide treatments and become experts for every factor in the obesity chain. We are looking at problems in gastroenterology and the central nervous system integrated as a consequence of obesity and overweight. One treatment does not work for everybody, so we need to provide a very wide range of treatments covering the full variety of disorders connected to obesity in order to complete the chain.

Medix has received a series of awards for being a socially responsible company; can you tell us a little bit more about this?

Yes, we have achieved recognition for being a Socially Responsible Company for the last seven years. We also received the National Technological Award which was granted by the President for having high quality integrated technological practices for a medium-sized company. Social responsibility within a company is very important in the sense that is not only a declaration, it is the core of the organization. It is an essential part of each and every successful business in today's world, and the way to integrate correctly and effectively with society.

If we came back in five years' time, where do you think Medix will be?

I hope we will be the best option on the market regarding the integral treatment of overweight and obesity.

We also want to double sales in five years.

You mentioned in a previous interview that 2012 would be a decisive year?

In 2007 we established very challenging goals for the year 2012, after that we had the crisis but we did not change our goals because of it: the question was where to invest more and where to create new opportunities taking into consideration the adjusted economic situation. Last year we grew 35%, and at the end of the day the most important thing for sales is to have a lot of very well served customers, and you have to work very hard to get them.

In the next five years the market itself will also grow and we will be integrating new products, not only medications, but partnering with other companies in order to have meals and diagnosis equipment. We cannot make every product, but we can form strategic partnerships to provide the pieces of the puzzle that are missing. This will help us to become the number one option for overweight and obesity treatment in both Mexico and Latin America.

What is your final message to the readers of Pharmaceutical Executive?

Fighting against obesity means that you are also contributing to society, and I believe you need to create value for society in order to make a business. Our philosophy is that everybody is able to contribute as a private company and as a business, but we need to create social value.

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