Interview with Claudia Varela, General Manager Peru, Ecuador & Colombia Region, Genzyme de Colombia S.A.

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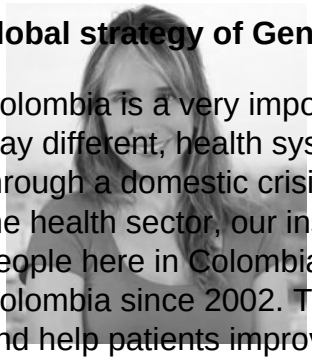

:ance, and importance of the Colombian market within the larger global strategy of Genzyme international?

Colombia is a very important country because we have a market with a well developed, and in that way different, health system from other countries in the Andean region. Of course we are living through a domestic crisis, but I am confident that it will be resolved. Our caliber of our employees in the health sector, our institutions, and the level of our physicians is very high. We are 44 million people here in Colombia with an extremely high level of access to healthcare. Genzyme has been in Colombia since 2002. The role of Genzyme is to show how high-tech, bio-tech companies can come and help patients improve their lives. It is also Genzymeâ??s role to generate awareness, in a developing country such as Colombia, of diseases that donâ??t have diagnoses. Colombia was the first country in Latin America to submit a project of law for orphan diseases. There is even a candidate for President, German Vargas, who is mentioning in his campaign platform orphan diseases as an area he would like to improve.

Colombia serves as the regional head for Peru and Ecuador as well. What are the strengths and specifics of the healthcare systems in those regional member countries?

These are three very different countries. Colombia by far has the best structured health system. In the case of Peru we have had a subsidiary since the end of 2008 which has been a big challenge for us. In Peru there is approximately 30% medical coverage. There are many patients without access to our therapies or, equally as bad, those who have to pay a very high cost. Regarding Ecuador, it is a small country of 14 million people with a very poor health system and only about 20% healthcare coverage. In Ecuador a person lacking therapy because of barriers to access or high costs can very realistically be close to death. However, Rafael Correa is a president who very much wants to help the Ecuadorian people. Ecuador is now beginning to create a budget for rare diseases. Cancer drugs, for example, are becoming more accessible in Ecuador. Little by little we are now seeing very positive developments through the good intentions of the government and its help to provide citizens with greater access to therapies.

The Colombian pharmaceutical industry, as a whole, has posted very strong and resilient growth in recent years. How has Genzyme grown in Colombia over the past several years?

Over the past four to five years we have enjoyed approximately 25-30% compound growth. In 2008 we posted 46% growth which was a very strong year. This was aided by two new chronic Leukemia products that we received from Bayer as well as additional medicines from Novartis that strengthened our portfolio. However, 2009 was a tough year for us. Lysosomal products comprise about 60% of our total product portfolio and last year Genzyme Colombia and Genzyme global saw a shortage of these products which led to a lower than usual growth rate. In 2009 we grew by only 20% which, because of the shortage, is not an accurate indicator of our more recent historical growth.

Modesty aside, 20% is still an impressive growth figure and even more so are compound growth rates of 25-30%. Do you think that is a result of Genzyme still being in relatively early existence in Colombia?

Of course. This is a typical indicator of being new in the market that all companies go through as early entrants. We are at a top position now and in the foreseeable future we will now continue to grow at around the same pace. This year we are expecting huge growth of around 40-50% growth. We have new products, new therapies, that will be launched that will contribute to this growth.

Our focus, as I have said, is on rare diseases such as Lysosomal in which patients are starting to be identified, knowledge of how to diagnose the disease is being accumulated, and more medical attention is being given. Maybe that is the reason why we have performed as such. We have also done a lot of efforts in the campaign to identify patients in MPS1. What we have seen here in Colombia is that MPS has six different types. We have medicine for Type One but have been discovering a lot of patients in Types Two and Six. When you start to work in a country on rare diseases you see variations from one country to another especially variances in developing countries.

What are the main product lines that will be pushing the growth that you refer to?

We have four core business units: Lysosomal disorders which focus on the rare or orphan diseases. Renal is another business unit which contains the Renagel product and soon to be Hectorol. A third business unit, our oncology division, has four products: Thymoglobulin; Clolar, which is awaiting registration but has been used as an emergency product in Colombia; and Fludara and Campath are the new products that we acquired from Bayer. So we have a strong oncology portfolio. And our fourth unit, biosurgery, has the Synvisc product which is a medicine for osteoartrosis for the knees and hips.

We specialize in four very different types of diseases. As you see Genzyme really focuses on the difficult diagnosis diseases affecting niche or neglected patients that normal big pharmas wouldnâ??t work on. As it says here on the cover of this magazine says, â??When you make the worldâ??s most expensive drugs, who will pay?â?• It is the nature of Genzyme to work with niche patients in rare disorders.

Rare and difficult to diagnose diseases are prevalent here in Colombia, hence the niche that Genzyme fills. Competition breeds innovation. What is the potential for Colombia to turn into a research base that attracts competition and breeds more innovation for these rare diseases?

I believe that in all cases companies have to focus on the main markets first. Similarly, Genzyme Corporation has to focus first on the main countries with the biggest populations. Genzyme has not had clinical trials in Colombia but we will soon start here. The lack of competition you mention subsequently makes Genzyme a pioneer that is opening the ground for everyone. The big pharmas here from Germany, Switzerland, and the US are involved in OTC, generics, and consumer

healthcare, all of which are extremely important but are nevertheless different businesses than us. We are not necessarily big pharma. You also have in Colombia what we call here â??ethicals.â?• If you want to segment our products into those tiers, you can say that we are between ethics and institutional. There are high costs in Colombia for medication. Those high cost goods can be a separate segment on their own. We are a unique segment because we are involved in orphan diseases which are treatment areas that must and will grow in Colombia. Competitors are arriving but in biotechnology, not necessarily in big pharma. The smaller biotech firms who are the followers of Genzyme are the ones arriving and who will continue to arrive.

Biotechnology being still largely undeveloped in Colombia, what additional steps does a pioneer such as Genzyme need to take to push this industry in this country which has tremendous potential?

I think something that has to pass is the emergency crisis in order to have access, the coverage, and the awareness of the Minister of Health and other authorities. The focus should not be on the costly price of treating these diseases; rather, the point is to be aware that Colombian patients have treatment for these diseases. Surely in this way Colombia is going to be a target for foreign investors and more companies that want to be here. I believe that investors want to come but are first waiting for the crisis to pass.

As we speak there are protests going on in front of the Constitutional Court against some of the decrees passed in response to the Social Emergency Crisis. These decrees seemingly have a focus on cheaper, cost-competitive drugs. Does this government focus on less costly drugs in the national health system work as a disincentive for innovation?

Genzyme is in a different position because nobody is going to invest so much in a generic. Those followers who I mentioned are the companies who can maybe take advantage of the situation. But thatâ??s okay. It is good to have competitors who work in a good, ethical way. I think that the crisis will be tough for the R&D companies. We work differently because, again, our model is different. We for example donâ??t have intermediation. We are not adding more weight on the chain. We do an assessment process for rare diseases in Colombia. Overall, the crisis will be hard. Generics, as in all countries in Latin America, are going to have a big part of the pie. It is bound to happen because if you talk about money generics are cheaper.

The system in Colombia is really developed for what we are as a country and what we can support as a country. The health system that was designed, despite the crisis, is a very good concept. But we have to have a better position in fields such as prices, centralized purchasing, and the power of the government to negotiating. We are not completely evolved on those fronts quite yet.

How is Genzyme a pioneer not just in the medicinal, innovative, and pharmaceutical areas but also in the realm of corporate social responsibility?

I really enjoy working in this area in which Genzyme is extremely active in. We work closely with many patient associations to help patients have an informed view of diseases. For the past eight years we have been giving free therapies to patients who are in extreme need of them but cannot access them in a timely manner. We work as a charitable donor to Colombianitos which is a foundation that provides underprivileged children and teenagers with an education and a focus sports and healthy living. Every December we as employees launch a campaign to adopt families and provide them with food, Christmas gifts, and shelter. We really work actively in social responsibility and want to help patients and as such have been a huge contributor to patient outreach. When you work with 150 patients, for example, you can know about them and help them from the scientific point of view. Of course because of compliance and the ethical code of appeals

we canâ??t go directly to the patients. But we know how to help; we know that we are doing things correctly; and we know that with our growth come greater achievements in patient outreach.

Is it safe to say that it is one of your favorite parts of your job?

Yes, it is very uplifting to work here because everyone who works here wants to help people. And as a result we have a business. But above all we want to help people. One of our drivers as a corporation which comes all the way up from headquarters is a passion for and a focus on the patient.

How would you describe the corporate culture here and what values do you instill as general manager?

I try to build a professional structure around these values of passion for the patient. We have a lot of brilliant people in Colombia. But to work here you need more than a great brain; you need a great heart as well. That is something that I love about working here with my team.

You are a Colombian national as are most of the employees here. Genzyme is an American company. What are the complementarities between the American corporate culture and the local Colombian identity here?

I think that we have adopted a lot of the American organizational structure. In return, I think that we Colombians have contributed to Genzyme the magic compassion for all that we do. We are a resourceful people looking for answers and solutions in creative ways when they are not readily apparent. If there is a closed door we look for new creative ways to open a different door towards a solution. This is how we work very well with the US guidelines while adding our own local empowerment.

How do you approach your role and responsibilities as a female executive and leader?

As a woman I believe I have a double-responsibility because I have to lead in a way that supports my staff and sets a positive example. It is not easy sometimes doing this in a business landscape that is still largely comprised of male executives. You have to work extra hard to achieve the credibility that you have. Establishing credibility might be something that is easier to do for a male executive. I believe that this has been changing over time. When looking at industry statistics perhaps 50% of the people in this field are women. Additionally, women tend to succeed in the commercial fields perhaps because of professional styles or profiles. There are a lot of very brilliant women that work here. Women are making larger strides and in due time we will soon change the balance between men and women at the executive level.

What are the goals that you would like to achieve during your time as General Manager?

A personal goal of mine as company leader is to further develop the arenas of biotechnology and rare diseases. I think that there has to be a clearer message in Colombia, Peru, and Ecuador for everybody to think in terms of the patient; to know that orphan diseases are a reality; and with the proper therapies nobody has to die. We have the technology and the science. We have to work hard to make the prosperity of a long, healthy life a possibility for everyone. In addition to being an executive, as a mother I am very cognizant of the idea that nobody has to die because of a lack of technology and therapy. Every member of this pioneer company is working together towards this goal. There will be great strides and many changes in the areas of orphan diseases. I am going to be here for many years and I want to see that change.

What would be your final message to the readers of Pharmaceutical Executive?

We would like to invite everyone to Colombia to invest, create, and to believe because we are a great country with great people.

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