

Interview with Mauricio Botero Caicedo, General Manager, Sanofi Colombia

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Prior to working as General Manager of Sanofi Colombia, you worked in similar positions in Ecuador and Venezuela. What was your initial mission upon returning to Colombia and how have the last few years lived up to your expectations?

The main mission I had upon my return to Colombia in 2004 was to consolidate the merger between Sanofi and Aventis and to recover the performance of the affiliate, which had experienced a difficult year related to performance versus the market and internal results. I was in Venezuela at the time, and was asked by the former Latin America VP to return to Colombia.

In more recent years, have there been any key milestones that Sanofi has achieved under your leadership?

Sanofi is the number one company in Colombia today as a total pharmaceutical group. This includes all divisions and the company's institutional sales. That is the main achievement that we, as a team have made in Colombia. Four or five years ago, Sanofi Colombia began to develop other business lines in pharma, such as OTC and generic products, which is why Sanofi is the leading company in the Colombian pharmaceutical market at the moment. The affiliate also had several new product launches – not only blockbusters, but local developments as we have an industrial facility in Cali where Sanofi develops generics and OTC products.

The other main goal as of four years ago was to generate a new working climate and culture, as Sanofi is the result of a number of mergers that have occurred since 1994. We began with Winthrop, then Synthelabo, and during 2004 Aventis; we can say that today we have a consolidated Sanofi culture after five or six years of development.

Having worked as the general manager of the Colombian affiliate for a number of years, what would you identify as the key characteristics of the Colombian pharmaceutical market?

Dynamism is an important characteristic. Colombia has one of the biggest institutional markets in Latin America. We also have the fact that in Colombia there are many local players. IMS audits 150 companies in Colombia, the majority of which are local or Latin American companies. There are only 25 large pharmaceutical and R&D companies in Colombia. Colombia also has a very high and innovative distribution channel, especially for retail. If you compare Colombia with other Latin American markets, retail in other countries is in hands of very few clients. It is the opposite here – pharmacy chains, wholesalers; and it is a very sophisticated and dynamic market. Newcomers from countries like Venezuela or Chile are entering the market. It is an interesting market for new players, and some participants are specifically coming in order to be part of the pharmaceutical market, particularly OTC.

What is your take on the upcoming health reforms? Do you think it will have a positive impact on the pharmaceutical industry?

Colombia's health system is bankrupt. The country has a deficit in the health system budget for many reasons. Looking at the health system and the actors who participate in it; the pharmaceutical industry, HMOs, retail clients, and hospitals, all must work together to improve the health system. The government is taking some measures to control or decrease prices of products in the institutional channel, as well as possible in the retail market.

We agree and work together with the government to establish a methodology for institutional prices, but we do not agree to extend the price control to the retail market because it is a self regulated market as a consequence of many competitors participating in it.

Global pharmaceutical companies used to have manufacturing facilities in Colombia decades ago. Today there are very few. Why did Sanofi continue to manufacture despite the departure of many other multinationals?

This is a consequence of Sanofi's business model. We realized that in order to grow in this market, Sanofi must have generics and OTC products. Multinational companies are not experts in pipelines for OTC products; it is more of a regional or local activity.

In 2012, Sanofi had net sales of ~\$35 billion, and the organization stands out as one of the top pharmaceutical companies in the world. What is the relevance of Colombia to Sanofi's regional and global operations?

For 2013, Colombia will be Sanofi's third largest operation in Latin America, after Brazil and Mexico. Venezuela used to be ahead of Colombia, but with the acquisition of Genfar, Colombia will surpass Venezuela. As I mentioned, Sanofi is the number one company in Colombia at the moment. As a total pharmaceutical group including Genzyme and Pasteur, Sanofi is miles ahead of the competition.

With the acquisition of Genfar, what are your expectations that will come about as a result?

The local expectation is to consolidate our number one position in the total market, be the number one generics company and place Colombia as a hub for generics activity in the Andean and Central American region. Genfar currently has large operations in Ecuador, Peru, Venezuela, and Central America. Revenues are UD\$150 million, and \$70 million are in Colombia alone. There are many expectations to consolidate Sanofi as a leader in Colombia in generics and accelerate penetration in other countries. Essentially, we are buying time. Establishing a generics business is not easy when you are starting from scratch. With this acquisition, Sanofi will accelerate its generic strategy in other countries.

In 2001, Sanofi acquired a local generics company, Lakor, and the name was later switched to Winthrop. This shows we have expertise in the generics business in Colombia. Winthrop represents 14 percent of total revenues. Combining Winthrop with Genfar, Sanofi's generics business for 2013 will be ~\$91 million.

How would you compare Colombia to the rest of South America for generic penetration?

Colombia is a mature market for generics compared to other countries. Other countries may have more opportunities, because generic products are a rising star. Sanofi has many competitors in the generics business in Colombia, which doesn't make it easy to compete when compared with other countries. Here in Colombia we have a well-balanced split between branded and pure generics,

which is not the case for other countries.

Sanofi is a very diverse company that invests in many therapeutic areas. What do you expect to be the main growth drivers in your portfolio for 2013?

The primary source of growth will come from the generics business and some new launches that we did in 2011/2012. In terms of branded products, a highly specialized product for cancer, will be an important driver this year as well. Sanofi has also launched some new OTC products. After 2013, some new molecules from the corporate pipeline will arrive.

How important is R&D to Sanofi's operations in Colombia?

R&D is important and will be even more so when these new molecules arrive in two years. Sanofi Colombia is a semi-hub for clinical studies, but for new molecules we will see some very interesting projects coming from Genzyme and Pasteur; in addition to Sanofi's own developments. Sanofi has a product for diabetes, which will be launched in 2014, another in Genzyme for multiple sclerosis and the development of the dengue vaccine of Sanofi Pasteur. In addition to the corporate portfolio, we have a local portfolio based on generics and OTC products. It is the perfect balance for growth.

What is your vision for Sanofi Colombia in the next few years?

My vision is to continue being the number one company and consolidate this position in the pharmaceutical market, to be one of the most important health providers in the country and to be a hub for generics for the Northern Cone countries. I want to show Sanofi is as a diversified group in pharma. I am proud of the organization. It is amazing to work here. Ever since I joined the company, I have wanted to grow, and Sanofi has provided that for me.

What would you say the difference in management style is comparing an American company to a French company like Sanofi?

American and European companies may have some differences. Sanofi has had a transformation since Chris Viehbacher, our CEO joined the company. With Mr. Viehbacher in charge, the culture of the company has transformed more towards a global multinational company, with more openness and strategic vision and as a company that is oriented to its people as a result. Sanofi thinks globally and acts locally.

What would be your number one challenge that you find at the moment?

More than a challenge is the fact that I am working in an industry that I enjoy. I like the speed and agility and the vision that Sanofi has. The company always wants to win. The main driver in my life is that I like my work. I love the pharmaceutical industry, the challenges, the health system reforms, and the competition. These are not problems for me but rather challenges that can bring opportunities to grow. Sanofi does not follow change, but generates it.

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