

Interview with Richard Harr, Managing Director Mexico Operations and Commercialization, AccesoFarm Mexico

07.11.2012

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Nuclear medicine is not a concept we are familiar with. Could you give us a brief breakdown of what encompasses nuclear medicine?

Nuclear medicine works the following way: a small quantity of radioactive material is chemically bound to a tracer which takes it to a specific organ looking for its illnesses, allowing the production of a gamma camera image, which shows how that organ is functioning; thereby detecting functional anomalies which cause illness. These functional anomalies almost always appear before anatomical or radiological images. When I refer to small quantities, they represent about the same quantity of radioactivity as you would receive for a chest X-ray, which is safe for the human body.

Historically, Nuclear medicine tests and nuclear clinical research took an important step after World War II in the US and France with iodine-131 also called radioiodine which could be used for the treatment of thyroid diseases. This procedure was rapidly proven effective in clinical training, and we can be proud of the constant string of improvements and new techniques developed since 1948.

Our first reaction to nuclear medicine was rather cautious. How do you deal with this phenomenon and educate the audience? Is it difficult to find the talented professionals who want to work for this industry?

The most important issue is to tailor the communication to the level of the audience you are dealing with and explain the concept in the minimum terms necessary for their education, and usually the explanation is sufficient to dissipate any concerns. As far as workers are concerned, they receive deep and complete training which removes all doubts about their safety. They receive this training inside the company and additionally we provide outside courses to provide a complete package to our work force.

Do you see a gap between nuclear medicine markets in Mexico compared to the United States or Europe?

If we compare Mexico and US, we are comparing two opposite markets. The United States uses what is called defensive medicine in order to prevent suits and malpractice claims. Nuclear medicine has been found to be a very sensitive method of cancer and heart disease detection. Therefore a negative study in nuclear medicine is a guaranty of no disease, which we can qualify as "sensitivity". Since its specificity is low, you might detect that a person that does not have

disease, but other studies might be required to show that it was a true negative. This type of sensitivity/specificity is very valuable in the United States, under its defensive medicine requirements, but is less valuable in the 60-70% government participation method of the Mexican health care system. This system minimizes the need for defensive medicine.

Awareness about nuclear medicine in Mexico requires an intensive public education effort beginning with a plan to improve the prevention of disease led by the Mexican education ministry to improve education and awareness from primary school onwards.

Since you develop radioactive materials, how do you comply with the quality and safety standards?

Our company upholds good manufacturing practices, an ISO 9001 quality assurance system, a radiation protection system, and all of these are audited yearly by outside authorities. Such high standards make us a 100% transparent company and we carry out continuous improvement initiatives in most operational and safety processes. We have higher regulatory costs but the benefit is that our work becomes more effective.

AccesoFarm develops waste radioactive material recovery services, and specialized equipment such as radiation detectors or area monitors. How do you position yourself in the market with such specialized products?

Nuclear medicine products are sold and marketed much differently than other medicinal products. We operate inside a very small market where we can easily recognize every player: administrators, nuclear medicine physicians, nuclear medicine technicians, radiation protection safety officers, and our competitors are aware of AccesoFarm. Today we are only four to six players and this facilitates our communication and collaboration as we like to see ourselves as a family instead of an industry.

Knowing all the nuclear medicine services is mandatory and today we can count about 140 of them. Customer recognition offers several advantages such as familiarity with their ideas and dreams and always remaining close and listening.

AccesoFarm has a wide range of products such as bulk, radio-immune analysis or specialized equipment. What is the breakdown for this line of products?

Our product portfolio is represented by 40% unit dose and the rest are bulk services and equipment. Since 2011 and 2012 were electoral years in Mexico we witnessed slow capital investment markets for equipment and other services. After the transition we have strong forecasts that predict growth with the new administration investing in healthcare.

The future is allowing new technical possibilities as well as new competition. We picture the future with our PET Positronic Emission Tomography product, which currently has an initial cost of 6 million dollars and represents a high barrier for Mexico; nevertheless this product represents the future.

AccesoFarm is a distributor for CIS bio International and Bristol-Myers Squibb Medical Imaging Inc. Do you see any conflict of interest? Why did you choose to become the exclusive distributor in Mexico?

Conflict of interest is not applicable because the product portfolios are very distinct. For example, Cis Bio has a long history in Mexico since 1972 and I have been intimately involved first as a customer and then as a purchaser of their products in Mexico since 1994. Cis Bio is the premier radiopharmaceutical supplier in the country and it maintains the highest quality and ethical standards so that its reputation will continuously remain in the upper percentiles.

Where do you see the future of nuclear medicine in Mexico?

In 1994 when I arrived it was a 2 million dollar industry and now it has grown dramatically to a 14 million dollar industry. These results are quite remarkable and suggest a positive market outlook for Mexico with a doubling period every 4 and a half years.

Nevertheless, nuclear medicine first needs to be delivered conveniently to all cities with a population close to one million. We suffer from a high regulatory hurdle that requires specialized knowledge of all the actors: administrative, commercial partners, investors and the technical staff. Above that you have to create the infrastructure of referring doctors that understand how to use it and prescribe it, and can organize their clinical practices to use it to the patient's benefit and their own benefit. Mass media promotion has not been a successful strategy now, as the audience must reach a minimum level of quantitative understanding in order to use the message.

What motivated you to work for a company in Mexico in the first place?

When I first started nuclear medicine in 1994, I was convinced that Mexico would experience future growth. My major concern was to know at which point this would happen. I knew that the United States was deeply in debt, and debt is simply poisonous, so that the growth centers would shift south. It took 15 years for this strategic vision to come about, but conditions presented themselves that allowed the business to survive and then thrive.

My final statement is that in the next five years, my efforts are concentrated towards an extension into the PET market. The initial investment of 6 million dollars is the high hurdle to be conquered. We have always worked with commercial partners that have understood and adapted a strategy accordingly to the reality of our market to help us grow and prosper. Making this vision a reality is what keeps me motivated on a daily basis.

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