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Thanks to the recognition COFEPRIS received from the Pan-American Health Organization as national regulatory authority of regional reference, Mexican manufacturers are increasingly eyeing foreign markets to grow. The general manager discusses its objective of transforming Liomont in a global company, the strategic alliances the Mexican manufacturer completed recently as well as how biotech is the new frontier.

What have been some of the main milestones for Liomont over the past two years?

I believe we are still far from being a global company, which is my objective, but we are currently present in Europe (in Portugal, Spain and Italy) and we've been certified by the EMA (European Medicine Agency). Over this time we have also been selling some of our OTC products in the US and have filed two Abbreviated New Drug Applications. We were visited by the FDA, which means they know our facility, and our application is being processed. This is only the start of a number of different projects that we want to develop for these markets.

Apart from this, we are present in Central and South America, as we were two years ago, and in most of the Caribbean. There are still a few countries in these regions that we have not entered—Argentina and Brazil, for example—but it is something we are working towards. Lastly, we finalized two very important alliances, one of which is with a manufacturer of biosimilar products based in the US called Oncobiologics. We are developing two biosimilar products with this

company, because we want to participate in the biosimilar space in the future. The second alliance is with a manufacturer of vaccines, also based in the US. This company is the first and only producer of vaccines that manufactures through recombinant technology. Through these alliances we are directly entering the biotechnology sector, which is a very important step for Liomont.

In recent years the growth of the Mexican pharmaceutical industry has been mainly driven by local drug manufacturers like Liomont. What is the image today of the "Made in Mexico" and how do you expect this to evolve in the future?

We are geared towards transmitting the message of quality and trust; this is a major focus of ours. I truly believe that we can turn the image of "Made In Mexico" into a positive image. We believe that being a global company and having a presence worldwide will help the image of Mexico by demonstrating the level of commitment of the drug companies and their employees. It is something that we have been working on for many years: transmitting the image of quality, trust and reliability.

In July 2012, COFEPRIS finally received the recognition as national regulatory authority of regional reference. What impact does this recognition have on Mexican drug manufacturers, and what impact did it have on your operations?

It is part of a greater process. In 2012, a group of representative companies visited Washington and worked with COFEPRIS to make this happen, which has been very productive. I am very happy that this has finally come true. It is not something that will change from one day to the next however; it is a process that will take time.

The first and most important part of the change comes from the certification process, which means that certain standards need to be upheld. The transformation has really been amazing. Now, Mexico is perceived as having a very strong regulatory authority whereas two or three years ago it was perceived as having a very poor framework. This is an incredible improvement for Mexico; it might appear as a minor thing, but it is actually a huge step for us. Now, because COFEPRIS requires certain tests that other countries do not, Mexico is at a higher level than many other countries. It is something we are very proud of.

There has been a definite shift since 2012 in how the government purchases medicines, with the consolidation of procurement. Given that government currently represents 40 percent of your business, what impact does the government have on your operations?

I still think that the pharma industry is a strategic sector and does not get enough help from the government. We don't want government protection; we want support and those opportunities and incentives that are promoted by the government and granted to other industries, such as the automotive, and we still do not receive. In terms of facilitating the evolution of our industry, promotion of our finances, and certain tax incentives, we feel that government support is still very lacking. In order to create a stronger pharmaceutical industry in Mexico, our processes should be easier and smoother than they currently are. There is definitely still work to be done in this area.

There is a new trend in the growing importance of big pharma chains. How did you adapt your go-to-market strategy to this changing landscape?

The pharmacy chains, three in particular, along with the large supermarket chains, have grown to such an extent that they are now taking around 50 percent of the market. We have a very good relationship with all of them, but it's difficult to assess the exact impact they have had over the recent years, especially when considering the impact of the presence of doctors at the point-of-sale. It obviously helps in relieving the burden of the public health system, because for a very small cost people can get a prescription on the spot instead of having to go fill their forms and wait on line for a long time. Indeed this only works for minor ailments such as flu or an upset stomach; it doesn't work for chronic diseases, which are more complex and serious. From this point of view, it works very well. It's a very sensitive issue though, because of the incentives the doctors get for prescribing products from their own pharmacies. There are obviously two sides to this coin: it is easily accessible and inexpensive, but then there is also the issue of prescribing products from your own pharmacy over others.

You actively collaborate with several biotech institutions and announced the plan to invest USD 50 million in a biotech-manufacturing site in the close future. What opportunities do you envision from this segment in Mexico and for the company in the future?

I believe that life sciences and biotechnology are definitely the future of the pharmaceutical industry and the future of medicine. We have created a life science division within the company and we are working very closely with the Biotech Institute of the UNAM with whom we are carrying out two projects. We are also carrying out a project with the IPN (National Polytechnic Institute) and Tec de Monterrey. Some of these projects are being partly sponsored by CONACyT (the National Council of Science and Technology) even. I believe very strongly that there has been a division between academy and industry in this country that has not been good at all. It's important to promote alliances with academic institutions, which is why we have been working with some of

them.

In terms of biotechnology, I think that on the one hand the regulations are still being defined. We want our standards to be as close to European standards as possible. We are also looking for projects where we can represent in Mexico a share of a global market with companies who are doing testing internationally. This is why we have carried out alliances with companies from the US who are conducting global clinical trials.

How do you plan to keep the double-digit growth rate you have maintained in the past couple of years, and where do you envision the company in five years' time?

We would like to be identified as a company that produces products and behaves in such a way that it continues to communicate quality and trust; these are two major pillars of the success of the company. We are also working on becoming a global company, like I mentioned earlier. Our third endeavor for the next five years is to have a stronger participation in the biotechnology market. We have to keep moving forward in our plans with dedication and discipline. It may not happen as quickly as we would like, but it will definitely happen.

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