Andrés Matesanz – General Manager, ChemSwiss Mexico



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Andres Matesanz, general manager of ChemSwiss Mexico, shares his views on the Mexican API industry and its regulations as well as his personal ambitions for the company's future.

You started the operations of ChemSwiss here in Mexico in January 2012. What mission did the headquarters entrust you with?

The company has been in the global market of APIs (active pharmaceutical ingredients) for sixteen years so it is still expanding. And the way the corporate usually operates when growing within a country is to open a local office. The reason for this is to understand the local market to its full and tailoring the strategy to the collected knowledge. Without a local presence, opportunities are very limited and competitiveness can only derive from pricing. The main objective I was entrusted with was to grow the existing business and create more opportunities to develop sustainable and local operations in Mexico. In the past the company had been present in Mexico through an agent; however, we quickly started losing market share to the competition and a decision had to be made on whether shutting this project down or investing in a stronger presence.

The global API market can broadly be divided into regulated and semi regulated markets. Where does Mexico stand today and how would you assess its regulatory framework?

The Mexican pharmaceutical market changed significantly since 2008. At the time, the lack in regulations allowed for competition to be entirely set by price and for generics to be produced with raw materials of the lowest quality. Today, COFEPRIS (the Federal Commission for the Protection against Sanitary Risk) successfully managed to mimic the FDA, meaning that more boxes need to be ticked by drug companies before they can sell a product. Ironically, obtaining an FDA approval is not enough to operate in the Mexican market, as the US certification does not mention GMP (good manufacturing practices) compliance, which is required by the Mexican authorities. In other words Mexican regulations ended up being more stringent than those in the US.

Sadly, I believe the Mexican authorities are having some difficulties with coherence, as while on the one side they are implementing stricter regulations, on the other we see products such as Albendazol, banned in several countries unless used for veterinary use, still accepted for human treatment in Mexico. The image of Mexico may be the one of an unregulated market. However, the only reason for this is the country's still existing supply of raw materials from sources with no GMP approval. In my personal opinion, Mexico can be considered a semi-regulated market moving towards being fully regulated. Today's product dossiers last five years, meaning in the very near future all materials will be required to come from a source that is approved by COFEPRIS. And ChemSwiss' focus will be to provide the market with reliable sources that have international GMP recognition – whether they are based in Europe, Asia or Latin America – to comply with these requirements.

Founded in 1998, ChemSwiss started in Switzerland by representing European API manufacturers to become a global company present in China, India, Germany and the US, among other countries. How are you adapting your strategy and product pipeline for the Mexican market?

Seven years ago, the pharmaceutical industry in Mexico was very different and it was relatively common to see companies make substantial profits within a very short period of time. Today, it is not sufficient to focus on decreasing prices in order to grow within a market, but also to perfect the service and present adequate alternatives. We want to be here in Mexico and are focusing on specific molecules that are expected to boom in the following years. This is the case for therapeutic areas such as diabetes, cancer, and AIDS.

We are also focusing our attention on suppliers that we are aware to have an advantage with. For instance, we have previously helped a supplier in Asia in its expansion towards other continents. We are therefore trying to leverage this relationship and take them to Mexico and Latin America. When approaching new prospects, we always try to provide a solution before they have even

spotted the problem. On the bad side, these projects take a lot of time to develop. Just to give an idea, we are only just receiving the sales of a project that I started five years ago with my previous company. Such a long sales cycle is not something that you easily find in other industries. Having worked in the automotive and plastic industry, I have never seen such long cycles as the ones I have seen in the pharmaceutical sector. In other words, it is important for us to focus on other products as well in order to support our cash flow. This is something we are doing with excipients.

How was you client portfolio developed with local players and when are you planning on approaching international companies?

During the first stage of our growth strategy in Mexico, we had decided not to focus on international laboratories because we were modest enough to recognize our limits and did not consider ourselves big enough to address the needs of laboratories of certain sizes with respects to aspects such as quality and service. However, as our Mexican partners grew in size, we grew in importance too and we are now starting to move towards servicing international players. We are starting by approaching international laboratories that we already supply in other parts of the world. For instance I recently approached a multinational company, who switched to our services in Poland. However, despite the less expensive products we can offer as opposed to their current provider, they are not yet interested in cutting their relationships with our competitor. I am still questioning this, as they accepted our offer in other parts of the world so it would be very easy for them to collect more information on us if needed.

Why is ChemSwiss the partner of choice for companies in Mexico?

First of all, we are a growing company that has not yet become a corporate monster. This still allows us to provide a tailored service and add a personal touch to our client relationships while maintaining a global presence and experience. We have certain global contracts whereby it is difficult to speak in local terms as every decision is taken at an international level. However, Mexico is not the only evolving country and it is important to understand towards which direction other markets are moving. As an example, knowing that Mexico has a huge problem with diabetes, we are able to source relevant molecules from overseas before the local competition. At the same time, our local offices and staff makes us experts on constantly changing markets and we are able to adapt in ways that just would not be possible without a physical presence.

What will be your focus for the company here in Mexico and what will the main areas of development?

Currently employing four full-time members and three freelancers, I would like to see our human resources increase. However, my objective is not only to grow in sales but also to develop the brand image of ChemSwiss and be at the top of director's minds when it comes to quality and service. This is why I will be putting major emphasis on research and development in order to understand where clients are going. In terms of products, we are moving towards herbal extracts, which are becoming a real trend here in Mexico. I also want to expand our business portfolio in the food industry. What I would find extremely interesting would be to do something in biotechnology as that is the field I have progressed my studies in. The future of drugs is to be tailored to certain genetic types and ethnicities and it would be great to be the first in this market. Another aspect that we have not yet looked into but would be interesting to explore, is the possibility to exporting products from Mexico into other markets. We have the channels to do so and we could become a two-way company.

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