# Interview: Rodrigo Fernandez – Country President, AstraZeneca – CAMCARMAC



28.05.2015

Tags: AstraZeneca, cardiovascular, clinical trials, oncology, regulatory, diabetes, AZ

*Rodrigo Fernandez became country president of AstraZeneca Central America, Caribbean, and Middle Andean Countries (CAMCARMAC) in July 2013. He discusses the challenges across the region for regulation and distribution channels, with an emphasis on the complexities of the Peruvian market.*



**What were your initial priorities when you became head of this region?**

As you can imagine, this region has quite a large and diverse set of countries. We have had the longest presence in Central America, followed by the Caribbean where we are among the top five companies in terms of performance. Ecuador and Peru followed later on, so the opportunity in those markets and presence of our products is slightly more limited.

When I took this position in mid-2013 there were three key areas I considered when approaching the Peruvian market. One is the growth of the country’s GDP, among the highest in Latin America.

The second was the establishment of the middle-class, which offers important access to healthcare, education and the typical primary needs that a population usually obtains with a bit of wealth. Thirdly, this market has an important portion of private insurance coverage. In 2013, AstraZeneca was doing a reasonably good job in terms of setting up the strategy and structure to operate. However, it was highly focused on the out-of-pocket market, the market of people who could afford our products. We were not so present in terms of access and affordability with insurance companies and limited in terms of business. Among my initial priorities in Peru, we tried to build the right capabilities and team as well as the right level of professionals while maintaining a profitable business in terms of bringing broader and more access to our products for Peruvian patients.

Furthermore, through this process I discovered how the Peruvian market works and the growth of the middle-class; much of this growth came from the provinces, while AstraZeneca had been highly concentrated on the Lima metropolitan area. All our contacts and key personnel were covering the capital, so exploring further represented a great opportunity for reaching more patients.

**Did you find that other multinational pharma companies were not taking advantage of those areas?**

On the contrary; when AstraZeneca first came to this market in 2007, many of our competitors had already had a presence here for many years. We always had presence too, but through distributors. Setting up the whole structure to cover the market by ourselves was a fairly new strategy. In a way, competitors had an advantage over us. Most of these companies had been developing consistently throughout the country, whereas AstraZeneca had only been focusing on Lima.

**The structure of AstraZeneca in this region is unique among multinationals here; what advantage does this provide?**

There is lots of duplication and doubling of efforts in support functions of the commercial part of the business like marketing. We do that already for many Central American and Caribbean countries where the quality and critical mass is quite high. As AstraZeneca is among the top eight companies in the industry, we have a set of very seasoned marketing, access and medical teams that have been able to quickly leverage all those skills and capabilities into the Peruvian market. That being said, the Peruvian market is quite large and has different needs compared to Central America. The team here needed to learn this. We learned that we do have a very small and effective commercial, marketing and access structure in Peru that can use resources in our Costa

Rican hub in, helping to implement a much more profitable and efficient model of Peru versus other companies.

**What parallels do you find across your region’s regulatory scheme?**

We cannot find any particular synergy or commonality between any country and Peru. The Peruvian regulatory environment is quite complex for the region. DIGEMID has done well to implement a set of regulations that protect the population, but conversely sometimes those regulations are hard for the industry to match. It depends on your critical mass. The advantage we have with a regulatory team in Costa Rica and a smaller one in Peru, in terms of preparation and documentation, is that we take away much of bureaucracy from local offices in Peru and manage it centrally here. All the interactions with authorities and regulations to fulfill are done in Peru.

**How important are clinical trials for AstraZeneca in Peru?**

Peru is one of our top five centers of clinical research in Latin America. In the past, we have run trials in cardiovascular, diabetes and oncology. We are currently doing trials in respiratory, oncology and diabetes. These are multi-centered, global, randomized clinical trials, and landmark trials for key products in the industry. Peru is among the top three countries in Latin America for Phase III studies, especially in the critical area of oncology. The environment and quality of the clinical centers in Peru and investigators is extremely high, and among Latin American countries is comparable to some of the most developed countries in terms of science. This has been the case for the last ten to twelve years and continues to be today.

**Are the Peruvian health authorities receptive to these investments?**

I think they generally have a neutral position to the pharmaceutical industry. The health authorities’ agenda for the pharmaceutical industry is often hard to follow. They are indeed looking to strategically expand health coverage to as many people as possible, and there is clear policy regarding the scientific and regulatory frame they want to achieve. There is a certain level of commitment to try to explore options to make the environment slightly less complex for regulations. But ultimately they take a neutral stance; the Ministry of Health has not really allied with either the multinational or local industry. Peru is an open market; pharmaceutical companies are not as important as the local chains of distribution here. This area of the business also poses itself as a challenge, particularly with pharmacy chains and their high expectations in terms of commercial aggressiveness on the industry toward them.

**We have heard that distributors are making sweeping cleansings of their inventories in Peru; do you face a similar challenge in the rest of your jurisdiction?**

The entire industry must consider this, and becomes even more complicated when a company like AstraZeneca is trying to introduce one new molecule or formulation every six months in the entire CAMCARMAC region. We are trying to expand our footprint into multiple territories to provide more access to patients. Obviously, Peru is probably among the most challenging markets in my region in terms of distribution. Sometimes the entry ticket is a bit too high to ensure that patients receive access; thus being efficient can be tricky. The patient always come first, but sometimes a patient might need to go to another pharmacy because we cannot close a deal with a specific pharmacy chain due to their operating model. Ultimately, patients get access to products but not always in the most convenient or efficient way.

**How involved is this affiliate in terms of institutional partnerships?**

We have no government partnerships. My initial goal here was to ensure the right purchases in the out-of-pocket private market of Peru and to bring coverage to Peru’s growing middle class in the private sector. Most of our alliances are with private insurance companies and hospitals. With some we have a certain element of the public sector, but not directly with government entities. But we have also had to make sure we work hand-in-hand with the government. For example, we do have a partnership with the hospitals of the Armed Forces, but just as a supplier of products and services. AstraZeneca maintains institutional partnerships in Panama, Nicaragua and the Dominican Republic, so it is only a matter of time when we will do the same in Peru.

**How is AstraZeneca’s product portfolio represented in Peru?**

Most of our portfolio is well-represented in Peru, except that due to certain tightly-woven regulations, we have had to withdraw some SKUs for certain products. In particular, our anesthetics portfolio is well-represented, and our oncology portfolio is currently being restructured. We recently obtained approvals for some brand new products and we are now registering new diabetes products in Peru as well. We are also expecting some important launches, including cardiovascular. Of course it is not easy; it can be a financial strain to comply with regulations; but there must be a balance between the patient and finances.

**How important is Peru within your jurisdiction?**

In terms of revenue, Peru represents around 12 or 13 percent of our overall revenue in my region. This is not necessarily aligned with the market potential, for the reasons stated above. But it is one

of the fastest among growing countries; Peru is growing slightly above the average pharmaceutical market, at about five or six percent. This is in line with expectations we have for emerging markets. However, considering average GDP growth in the country has been slightly higher, this is not reflected in the IMS market. This disconnection must be covered by insurance companies.

In terms of resources, Peru represents a slightly higher number. This is due to the complexity, distance and the country's own way of doing things in terms of regulation, pharmacy chains, commercial structure, and the quality of the scientific community. With some of our brands, up to 20 or 25 percent of our resources go to Peru. But the payback in time we consider will be high because of the growth of the middle-class population.

**How do you plan to grow this affiliate?**

We definitely want to be among the top-notch group of growing multinationals in Peru through ensuring access to our current and new brands that we will bring to the market in our strategic areas like cardiovascular, respiratory and oncology. This will provide patients with greater health benefits. We want to establish ourselves as a great company to work for, as the level of the professional community in Peru is quite high. We must also make sure that we can be part of the support to the healthcare community by embracing the quality of the country's health through scientific exchanges, clinical research, and similar activities that we can provide.

**What is left for you to personally achieve?**

I am driven by the transformation and evolution of the populations and economies in the emerging markets. This change has been outstanding and the opportunities that it offers personally for a professional to develop and make an impact are huge. I would like to stay connected to that within the pharmaceutical industry. Secondly, I want to develop people. If that is connected to the emerging markets explosion, the passion of people to explore and try new things will create strong leadership. As an experienced manager, it will be rewarding if I can provide that development for others in a company like AstraZeneca.

Click here to read more articles and interviews from Peru, and to download the latest free pharma report on the country.

**See more interviews**