Interview: MS Nagendra – Director General, Zydus Pharmaceuticals Mexico

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M.S. Nagendra, Director General at Zydus Pharmaceuticals Mexico, explains the company's unique business model, combining both branded generics and highly innovative medicines, while showcasing the strategic relevance of the Mexican affiliate within the global strategy of the company.

Could you introduce yourself to our international readers as well as the key activities and operations of Zydus Pharmaceuticals in Mexico?

I started my professional career in India and have had the opportunity to work in different global markets during the last 18 years. My journey in Mexico started in 2013. In February 2015 I took the professional decision to start leading the operations of Zydus Pharmaceuticals in Mexico and reinforce the global footprint of Zydus. We have made positive progress during the last two years and are scaling up our operations here.

Our product portfolio currently mainly targets Central Nervous System (CNS) diseases, which is a very promising segment in Mexico, and we have a very interesting pipeline of products that will consolidate our operations here and drive the affiliate's growth. Expanding on our operations within the CNS therapeutic area, we currently have marginal presence in public tenders because of the protectionist policies in Mexico, where 90 percent of government sales are currently in local players' hands. It is worth mentioning that the public market is valued around three billion dollars

and we are fully aware of the benefits that could come from such a business opportunity.

Could you give a quick overview of Zydus's transition from a pure generics company to an innovator?

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These types of transitions have been quite common among larger generic players, but it is interesting to highlight that Zydus is the first Indian company to commercialize New Chemical Entities (NCEs); we have taken a leading role in this sense. In addition, our managing director Sri. Pankaj Patel set a vison to become a research-driven company by 2020 by investing in a robust innovation pipeline including NCEs, biosimilars, novel biologics vaccines and novel formulations.

In Mexico, generics penetration is up to 79 percent of the total market share and Cofepris have been attempting to ease access to generics over the last two years. What is the importance of the Mexican market for Zydus Pharmaceuticals' regional and global strategy?

The global strategy of Zydus is to have a solid footprint in every big market in the world and Mexico stands within such a vision. Mexico has some inherent challenges but we identify attractive opportunities in the country that will position Mexico as one of the most important markets for Zydus globally. In addition, Zydus has a quite attractive portfolio of branded generics and innovative medicines that strongly address the national needs, which will enable us to be a meaningful player in the market.

Furthermore, Mexico is an attractive market for those companies that are looking for a manufacturing hub to serve the rest of the countries within the region. Mexico has very competitive manufacturing costs and the fact that Cofepris is very well positioned within Latin America makes Mexico a great gateway to neighboring countries.

The Mexican pharmaceutical industry has been quite dynamic during the last five years with an increasing penetration of generics and more rigorous regulation. What has been your strategy to ensure success considering the fast-changing industry environment?

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Mexico is one of the few trillion-dollar economies globally and, referring to the healthcare and life sciences industry, the short time taken to get registration approval for new drugs in comparison to other developed and developing markets is a great opportunity for global and well-prepared

companies such as Zydus.

In this sense, our strategy has been to leverage our global footprint to successfully launch our products in Mexico since we already comply with the highest standards of quality from global leading regulators such as the FDA and EMA. I am personally very satisfied with the job done by Cofepris during the last few years to position Mexico as the regulatory standard of quality within Latin America; it has increased quality standards of the national industry, creating an entry barrier to any non-quality players.

Zydus Pharmaceuticals has a quite comprehensive offering of products in both generics and biotech. What is your product portfolio strategy in Mexico?

As aforementioned, we are aiming to become a meaningful player within the Mexican industry and position the affiliate as one of the main contributors to the global business of Zydus. To obtain this goal, we have set an action plan of strengthening our offering in Mexico, expanding our portfolio from branded generics to biosimilars and eventually vaccines. Our strategy is to combine our portfolio with our branded generics, which give us stability, and new medicines that will come from our R&D activities.

Therefore, there is a sustainable and opportunistic business portfolio approach since we already have some business with our branded generics and we are preparing our offering to finally target the public tender business, which poses a great opportunity for a company like us.

In which therapeutic area do you have the strongest footprint in Mexico and where do you foresee the most growth?

CNS is the main contributor to our revenues, representing around 90 percent of our total sales in Mexico, however, we are expecting strong growth coming from our biological medicines in the mid-term future. Indeed, we intend to expand our footprint in the public market with cost-attractive medicines targeting further therapeutic areas.

When we met with Mikel Arriola, he told us his main objective is to ensure the financial sustainability of the IMSS while focusing on chronic, non-communicable diseases. How could Zydus Pharmaceuticals help the government in such a purpose?

Zydus is creating value in the entire Mexican healthcare system through bringing its know-how from India and fostering a competitive environment. In this sense, Zydus is offering cost-attractive healthcare solutions to the Mexican government that enlarge the patients’ market access to high quality medicines.

However, the current protectionist policies in Mexico are limiting the positive impact that companies such as Zydus could generate for the entire healthcare system; in my opinion, such a national strategy is a barrier to innovation and competitiveness within the industry. We are currently in the process of showing the government the benefits that companies with a global footprint could bring to the national healthcare system.

Zydus Pharmaceuticals has a strong innovation program spearheaded by 1,200 researchers across 19 sites, working on differentiated medicines for the future. In addition, Pankaj Patel, Managing Director of Zydus, has said that the company will focus on launching new innovative products in Mexico. Could you expand on how this innovative strategy is targeted to fulfill the needs of Mexican patients?

We are currently highly focused on leveraging our current know-how to benefit and positively contribute to Mexico. In this sense, we intend to commercialize our first NCE from Zydus called Lipaglyn® in Mexico, which is effective for treating diabetic patients with dyslipidemia. Indeed, we have already treated more than 300,000 patients in India with this medicine and the results have been impressive; we want to register Lipaglyn® in Mexico and pass the benefit of innovation to those in need. This medicine would create a health breakthrough for Mexican patients since diabetes with dyslipidemia is considered a national health burden and is the second most common cause of death in the country.

What are the key competitive advantages that differentiate Zydus Pharmaceuticals from its competitors and that make you the provider of choice?

The successful combination of both branded generics and highly innovative products is certainly a competitive advantage that differentiates Zydus from any other generics player. We have a clear strategy in both product lines to have a sustainable and opportunistic approach in our business; it really creates solid added value.

What are the main objectives that you would like to achieve in the upcoming three years?

My main objective is to consolidate our current branded generics portfolio in Mexico. Secondly, we aim to launch our innovative portfolio to serve the Mexican market. Finally, we want to be a relevant and meaningful player in the Mexican pharmaceutical market.

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