Interview: Kamlesh Thakkar – Regional Country Head – Emerging Markets – Latin America, Aurobindo Pharma, Colombia



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Aurobindo's regional head, Kamlesh Thakkar, discusses how the company is truly benefiting the healthcare landscape in Colombia, while describing his experience in changing the mindset concerning the use of generics in the top hospitals of the country and shares the origins of Aurobindo's healthier life campaign.

To begin, Mr. Thakkar, could you please provide a brief introduction of the history and scope of Aurobindo's operations in Colombia?

Aurobindo with its global presence in 150 countries, is ranked number three in India in terms of revenue. In the US, we are the largest generic pharmaceutical company with Indian origin and hold the 12^{th} spot in the global generics ranking.

Among the Indian pharmaceutical companies, we are the second largest exporter. Moreover, we are a vertically integrated company and one of the very few players manufacturing 85 percent of our APIs internally. Aurobindo manufactures 80 percent of most prescribed medicine in the world. As such, we present an extensive portfolio of 200 APIs and 400 formulations globally. This year, Aurobindo acquired the company Generis in Portugal and consequently, Aurobindo shall became number two in the Indian ranking once its consolidated with Global revenue next quarter

In terms of revenue, 45 percent is derived from American markets and approximately 23-25 percent comes from the European markets. Colombia is a prospective market and we therefore decided to enter the country. We shifted from working through distributors to direct presence.

The company's evolution was essentially divided into four phases. It had an API focus in the early 1990s, then focused on formulations in early 2000s, it began establishing a global footprint in 2010, and started focusing on injectables for a consolidated presence in 2013. How would you describe the company's global strategy today and where does Colombia fit in the picture?

Aurobindo migrated from being solely focused on API to a formulation company. We entered Colombia with a clear strategy in 2014. There is a growing shift from innovator brands to good quality generics and Aurobindo offers products that have been USFDA approved assuring the good quality of its products. When we initiated the portfolio selection, this was our central focus and communication strategy. Moreover, we learnt that the purchase of products at good hospitals like Santa Fe and Cardio Infantil consists of 85% of innovators and only 15% generics.

After six months visiting the best hospitals of the country, we had a great opportunity. One of the hospitals was in short supply of a product from Pfizer. We represented the generic equivalent and managed to penetrate the market at this point. From this moment, we started to offer quality replacements for Innovator's brands. Being at the right place at the right moment was key in our strategy.

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Aurobindo showed continuous effort to bring products to the market in which there are few competitors.

In terms of size, we started with a team of five people and now we are 36 people in the company. Moreover, we started with 242 thousand USD in 2014 and now we are USD 10million without adding many products to our portfolio. The lagging generics market in Colombia is depriving financial efficiency of subsidies to hospitals provided by the government and essentially taxpayer money.

How has the general Colombian healthcare landscape, anchored on the Statutory Health Law and affinity for generics create a friendly business environment for a foreign player such as Aurobindo?

Due to the changes to the statutory health law, the government is allowing doctors to prescribe medicines without being constrained by budget limitations. The government has taken legislative action to reduce the number of lawsuits filed by patients.

The reforms instituted by the government aim to increase coverage, modernize the system and add new medicines to the compulsory plan. This reform represents an opportunity for Aurobindo to penetrate a market predominantly controlled by American and European multinational brands. Since Aurobindo offers high quality products at affordable prices, this is an optimal moment to penetrate the Colombian market. There will be a shift from innovator products to generics as hospitals and clinics strive to reduce cost by cutting profits typically being allocated to larger innovator pharma companies.

Aurobindo offers an exceptional quality product at an affordable price. As such, there exists a viable opportunity for growth from 2017 onwards. We are forecasting growth rates of upward 40 percent due to the kinds of products that will be coming to market. There is a market and a demand for the products Aurobindo has to offer and this will yield an increase in overall sales.

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An additional initiative the Colombian government is seeking to introduce are performance incentives. Thus, if hospitals and clinics offer optimal care that translates into a fast recovery for patients, they will receive payments reflecting performance. Good quality of health care services, in conjunction to the good quality and fair priced products offered provides Aurobindo with additional growth opportunities.

How would you like Aurobindo to be recognized in the Colombian market?

I aim for the public to recognize the company and associate Aurobindo with a positive message. With this in mind, I set to create a campaign “committed to healthier life”. This campaign consists of various phases like emotional, physical and mental. we are now at verge of finishing emotional phase which talks about about four elements to happiness, water, earth, wind and fire. The campaign today covers 700 key opinion leaders, chiefs of pharmacies or general managers of hospitals and clinics. Each element is presented with a strong commitment to a healthier life. We then hired an outside source to interview customers and provide feedback on how they would rate their medical care and perceptions of Aurobindo. The overwhelming response was that customers associate Aurobindo with quality products. This first phase campaign ran for a duration of a year and a half and successfully imprinted the message that Aurobindo is a company committed to a healthier life. This marketing campaign was a way in which to build recognition for a generic based

market as a niche player and fortify a strong network within the healthcare domain.

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