Interview: Anant Atal – Head Latin America, Cipla



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Anant Atal, head of Latin America for Cipla, discusses how the establishment of offices in Colombia was facilitated by its longstanding history in the country, the multiple initiatives the company has engaged in with doctors and patients to improve access to treatments in Respiratory, Oncology and HIV, as well as its partnership strategy focused on pan-Emerging Market deals.

You have been working for Cipla for almost three years. However, you have a financial background and extensive working experience in the financial industry working for Barclays, McKinsey, HSBC etc. What led you to join the pharmaceutical industry?

I used to work for financial services and management consulting in the UK. One of my former colleagues from McKinsey joined Cipla. He shared the opportunity with me and suggested to meet Cipla's CEO and Managing Director as well as the promoter family. They talked about the history of Cipla and the transition the company was undergoing in establishing a direct presence in strategic markets around the world, including Colombia. I found it to be a great opportunity to take up a new challenge. Moreover, I found motivation in the company's vision, culture and the commitment to develop its presence in emerging markets, where unmet medical needs are the highest.

Cipla is one of the most recent entrants in Colombia, what have been the challenges you've been confronted with?

We established ourselves in Colombia through a network of distributors almost 20 years back and therefore, we were probably the first Indian company to operate in Colombia. This experience was

incredibly helpful when we decided to establish our own operation in Colombia as stakeholders such as EPS, logistics operators, pharmacy chains, and physicians already knew about Cipla and our products.

However, the financial challenges affecting the healthcare system influence whom we can do business with. Cipla needs to make sure that buyers and customers are disciplined with respect to payments and receivables within a fair amount of time. Secondly, the level of intermediation is still high in Colombia. While, one of the reasons, we set up our operations in Colombia was to be closer to our patients, our profitability is at risk if we trade through too many intermediaries. More importantly it enables better prices for patients. Therefore, I wish the market would be more transparent. Third, I've realized that our clients are highly price driven, and agreeing on one sale does not necessarily imply we'll be doing business again with them or automatically start a long-term relationship. Therefore, we need to be cautious in that regard. This is very different from what is commonplace in some other markets across the world. Lastly, despite our past in Colombia and the fact that several of our manufactured products have been available here for many years, with several customers we are still treated as new, making the supplier codification process is extremely time consuming and demanding. In many cases we are even at a disadvantage due to this point despite having more competitive prices. Nonetheless, the Colombian healthcare system and the services available here are amongst the best in the region and we are extremely optimistic about working to service the access needs of patients here.

What was the rationale for establishing the center of Latin American operations in Colombia?

Colombia has great geographical advantages. The country is a gateway to North and South America and is also very convenient for us to be close to our American offices in Miami, FL. Additionally, given our history in the market it was relevant for Cipla to establish itself here as our brand equity in the country would be a timely ally. Indeed, the environment was far more receptive to our products than those of other markets in the region. Therefore, Cipla could expect a faster growth in Colombia than in other countries of the region, where our brand awareness has not been built. Cipla might open its regional offices in Brazil in the future because of the scale of the market, but for now the company has made the right strategic decision to set up the LatAm hub in Colombia.

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Your corporate philosophy is set around the belief that treatments should be available to all patients at affordable price. What measures have you been taking to advance the access to medicines in Colombia, as well as walk us through your product portfolio?

Cipla does its best to make treatments affordable. The impact we have had in Africa with serving the needs of HIV infected patients is remarkable. Nonetheless, the stringent global quality standards our organisation follows has cost implications. As a company with 5,000 people working in quality and over 10,000 in manufacturing across 50 different US FDA, EMA, INVIMA, ANVISA or TGA registered and audited plants, we always look to manage the right balance between high quality and affordability.

In Colombia, Cipla's focus is on three therapeutic areas: respiratory, oncology and HIV. All three fit the unmet needs of the Colombian population.

Indeed, for our first therapeutic area, Colombia has amongst the highest levels of respiratory diseases around the world, especially in paediatric patients. For example, in Medellin it is estimated that close to 7 percent of the population and ten percent of children have a respiratory related ailment. At Cipla, we are not just selling the product to our clients, but also making sure that patients are getting the right treatment and following the protocol correctly. For example, with this in mind, Cipla developed an inhaler with a dose counter that allows doctors, patients and insurance companies to monitor whether or not the patient is following his or her treatment properly. In certain cases, patients simply won't want to afford the full treatment, but this will have significant consequences on the treatment's efficacy. Therefore, Cipla takes its educational role very seriously and shows physicians and patients how to use the device properly, while also helping the patient understand what their condition is and how the treatment will help. For example, Cipla's initiative "Breathe free" educates doctors, physicians and patients on asthma, patient management and control.

Secondly, Cipla has one of the largest HIV related product range in the world. This therapy represents close to 20% of our revenues and we are continuously driving discussions to tackle this disease. In Colombia alone, 150,000 people are estimated to be affected. While it's relatively small compared to Africa, Cipla is committed to work with communities on addressing the issues in this segment and increasing awareness. This month, Cipla met with key opinion leaders, and doctors to discuss methods to increase diagnostics rates. In other words, our roundtable was focused in "how do we increase awareness, enhance diagnosis and consequently ensure the right treatment is offered"

Cipla will also be focusing on developing a strong oncology portfolio, that will be complete by the end of 2017.

In all three areas, Cipla is involved in training and building awareness amongst doctors and pharmacists. We're doing a lot of work with them on the basics and reinforcing fundamentals amongst them.

What are the products in the pipeline for Colombia?

Currently, our focus is in respiratory, oncology and HIV therapies. Today, Cipla is selling close to 90 approved products in Colombia. Around 85 new products are pending for INVIMA's approval. In addition, we plan on filing between 30 and 40 products with INVIMA every year. Usually our products are launched in the market 3-6 months after receiving approval from INVIMA.

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How is Cipla doing in terms of sales?

The Colombian affiliate is still at its first stage and in terms of figures, we sold about USD 20/25million in terms of in market sales last year, which is in line with our plans. However, as we build out it is not always easy to get our products accepted by customers at first. For example, pharmacy chains wouldn't buy from us unless we had a proven track record of doctors prescribing the medication, and the doctor are less inclined to prescribe if our product is not available in pharmacies. Sometimes, this process lasted up to five months. In this case, we had to demonstrate our commercial resources and capabilities. For the moment, about 40 people are part of the Cipla organisation directly and indirectly and by the end of the year, we expect to ramp up further.

You mentioned your presence in other Latin American markets. Could you tell us a bit more about it and future plans for Colombia as a hub for the region?

Latin America has two of the 25 markets where Cipla has decided to operate directly. I cannot think of many global companies which have Colombia as one of their top focus markets. We have established our own direct presence in Colombia and Brazil. Everywhere else, we operate in partnership with distributors. We haven't yet planned to have direct presence in other countries. In terms of manufacturing, CIPLA has 50 manufacturing plants worldwide, and therefore, we have no plans yet on adding another plant in the region, as our scale of operations does not require us to open a manufacturing facility in Colombia for example. It will be a function of the market opportunities, scale, and regulations. As the business scales up we might consider it. Until then, the Colombian affiliate could act as a re-export location to other countries in Latin America.

You've just said the core of your international strategy is centred on partnerships. What kind of relationships are you looking to foster in Colombia?

Partnerships need to be mutually beneficial. The theory is to find someone who is better at something than you are. These can be of three types. Either Cipla manufactures and the partner commercializes, or Cipla distributes and the partner manufactures, or both partners distribute the same product to drive greater market penetration. Worldwide, Cipla can offer state of the art manufacturing facilities and amongst the largest product portfolios. In Colombia, Cipla has a team of sales people who know the market very well. In general, for business development opportunities, we look to involve more than one country and if possible for the collaboration to be pan-Emerging Market. Through partnerships, Cipla finds an opportunity to complement its portfolio with new products. We are currently looking for partners with the specific skill set to supply within our focus therapy areas but with no direct presence in Colombia. In this case, the products would be imported into Colombia from different countries. We are also keen on local market collaborations where Cipla could distribute products manufactured locally within Colombia.

What is your business strategy in Colombia to grow the affiliate and position the company as a partner of choice in the Emerging Markets?

Cipla has a presence in 120 countries and one of the only organisations with a very strong emerging market focus. The deals we look for are usually focused on multiple Emerging Markets. At the moment, I am looking to complement Cipla's portfolios gaps in our specialisation areas. Eventually we'll be looking at partnerships in different therapeutic areas.

You arrived a few months ago, what are the next priorities on your agenda?

The Colombian affiliate is still at an early stage and its development will serve as a hub for the rest of the Latin American operations. Overall there are three broad priorities – people, portfolio and process. As Head of Latin America, I have to make sure that we build the right team and that they are well integrated with Cipla global. Secondly, we need to look 4-5 years into the future and ensure we develop the right portfolio for the Latam markets. Indeed, the pharmaceutical products we are selling today is the result of the work done many years ago. Cipla's long term sustainability depends on work in this area. I'm also keen on increasing our presence across all stakeholders' and driving more dialogue and education. Third, we need to ensure a solid foundation with all the operational processes such as logistics, warehousing, supply chain and planning. Lastly, we will need to clearly define Cipla's commercial strategy and know where to compete and how to compete. It is of paramount importance as our employees work hard towards strengthening the relationships we have with our buyers and partners. Brazil is also one of my top responsibilities as

Head of Latin America. The market’s scale is attractive but we face tougher challenges in terms of building brand equity there because our presence is only recent.

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