# Emilio Sardi – Vice President, Tecnoquimicas, Colombia



***The biotech industry is the future of the pharmaceutical sector; it is a growing niche worldwide with tendency and projections to continue its growth in the future***

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*Emilio Sardi, vice-president of Tecnoquimicas, the local champion in production and distribution of generic pharmaceutical drugs, shares his insights on his current priorities to enter the biotechnology field, grow their international operations focusing on Central American countries and further strengthen the company's exceptional capacity to launch new products.*

**Since the last time we met you in 2013, you invested in a new facility. What have been some of the other milestones ever since and how is the company different in comparison to several years back?**

We invested and built a 40 million USD plant for sterile products. The facility features the highest quality standards, and it has been now in operation for a year. This initiative is a great example of our commitment to invest in the country. Additionally, we are looking to expand our area of business and enter the biosimilars field. Currently, we are in the process of negotiations with several potential partners. In the biosimilars area, it has been a challenging period as the market is experiencing difficulties with product registrations. Even though the decree for registering biosimilars has been in place for a while, it hasn't had a positive impact on the business environment in Colombia due to a substantial level of pressure from the multinational companies. In fact, not one company has been able to register any biosimilars ever since the decree has come into force.

Nevertheless, the biosimilars field is one of the challenging sectors of the pharmaceutical activity and the government should indeed review and initiate new activities to propel the business in this sector. From my personal perspective, biosimilars represent a significant opportunity for a country having a universal healthcare system where it’s difficult to sustain the service moving forward if the prices are set too high; in that case, competition is the only way to minimize the prices. Without biosimilars, the industry will lack competition, which will lead to price increases and eventually, price controls. The Government needs to remove the obstacles and help resolve these difficulties the industry is coping with.

The biosimilars sector could further propel the Colombian economy as it is a new field that a lot of multinationals are also looking to enter. As a businessman in the industry for over 40 years, I know how important it is to set the requirements high, and therefore, Tecnoquimicas is only offering products of the highest quality. That is why we are looking for partners that can offer the same level of quality and standards that we are used to uphold.

As the Colombian market is a highly competitive environment, Tecnoquimicas is not looking to launch blockbusters in the biotechnological field, but rather we are focusing on delivering smaller innovations. Hence, we are looking to eventually develop a manufacturing plant, as biotechnology production does not require as much investments as the traditional pharmaceutical production. This is within our possibilities and that is why we are discussing with the government about the potential support and incentives for establishing a plant. This topic is another challenge Colombia is facing, as we don’t have a well-defined national policy for supporting the manufacturers in Colombia.

In general, the authorities are putting in place policies taking into account only one perspective: the economic viability of the health system. In order to propel the economy and the pharmaceutical industry, there has to be a balance between both sides; the health system and the companies that support it. Additionally, we have to decide what are our priorities; do we want to elevate the production in the biotechnology field or something else. Currently, there is no formal declaration from the Government on what the pharmaceutical industry should aim for.

There is a potential gain for the country on resolving these issues, and I am personally very involved in making strategic choices that can move the company and the country forward.

**What was the rationale behind the strategic move to enter the biosimilar field?**

The biotech industry is the future of the pharmaceutical sector; it is a growing niche worldwide with tendency and projections to continue its growth in the future. Personally, I don't believe it will replace the entire traditional pharmaceutical business, but it will count for 30-40 percent of the industry. It is particularly interesting for small countries and companies as it requires less financial resources to enter this niche.

Therefore, biotechnology is an opportunity that is still not well-defined, but as the market globally is facing rapid evolution, one thing everybody agrees on, is that biotechnology will be a big industry. As Tecnoquimicas is the leading company in the Colombian market, we cannot simply ignore the growth of this segment. The sector is growing, it will continue to grow and therefore, we have to be there. However, as we don't have the appropriate technology, we are looking for a partner that can provide the right technology to us.

**You hold a vast portfolio of products. What is the scope of your portfolio and what are the best performing lines?**

We are a leading company in the OTC market. Moreover, we are the third biggest company in the Colombian pharmaceutical industry; following Sanofi and Abbott, who became bigger than Tecnoquimicas due to acquisitions a few years ago.

However, we are the largest national company and manufacturer in Colombia. It is something we built over a long period of time, focusing on product launches, extensive market research and abilities to follow the trends we identify in the market. Indeed, we have a very wide portfolio in different areas ranging from cold, pain etc. Furthermore, we are present in the ethical business where we have the strongest generic line in Colombia.

We have developed our own MK generic brand that has been well received by both doctors and patients because our marketing strategy relies on two channels: mass communication and bioequivalency studies that give doctors a better understanding on our products and confidence on their equivalency to branded product and their high quality features. We also offer a smaller line of ethical branded products that consist of branded copies and licensed-in products.

Tecnoquimicas doesn't focus on a specific product line; our focus is on diversification with the ultimate objective of offering high quality service to doctors and improving the health of all patients.

**You have a strong capacity for launching new products. What are the new products you plan to introduce in the market?**

Our capacity for launching new products is one of our main strengths. Our OTC line is divided in five different units; each unit has the capacity to deliver two to three new products per year. Furthermore, we can deliver 15-20 new generics per year, while ethical branding cannot deliver more than three products per year due to the depth of the information that we have to provide to the doctors. All in all, we can introduce around 30 new products per year. However, we have high ambitions and we would like to increase this number moving forward.

**How would you assess the company's growth this year and the reasons behind it?**

Currently, we are on the good track to reaching one billion, as this year we expect six hundred million dollars in revenues with five percent growth compared to last year. We put a lot of emphasis in quality, which is something that should be a given in the pharmaceutical industry. Additionally, we have a very strong marketing and distribution capacities. We research the market and always take the needs of the consumers and doctors in account to fulfil their demands.

Tecnoquimicas is offering the best products that are highly demanded, which enable us to achieve great business results. In line with that, we know how to efficiently use our competitive advantages. As mentioned, distribution is also one of our strength as this company was initially started as a distribution company. Over the years we have managed to develop a distribution capacity that no other pharmaceutical company in Colombia could reach, with over 100,000 clients, due to our deep understanding of distribution channels.

**Your strategic direction relies on a strong internationalization strategy targeting Central American countries. Additionally, last time we met you shared with us that you are eschewing obvious targets of Brazil, Mexico and Argentina. Does this rationale still hold truth?**

Exactly, we are relying on international expansion. Being the largest company in Colombia doesn't leave us much space for further domestic growth; therefore, we need to expand as the big growth remains outside. Currently, the international business represents a small percentage of our entire business, but we are looking to grow foreign operations through potential acquisitions.

By the end of this year, we will decide on whether we will buy potential companies that we are currently reviewing. If this takes place this year, our international business will grow to up to 20 percent of our total. In terms of countries, our current targets are the Central American countries and Peru. I am eschewing big markets as we are not expert there, whereas in the smaller countries mentioned, their business models are similar to the one in Colombia so we can easily apply our know-how. Big countries are dangerous, and have much more competition and frankly. I personally prefer to be a “big fish in a small pond”.

**What are your strategic priorities to ensure the future growth of Tecnoquimicas?**

It is very simple, my priorities can be described very briefly: acquisitions of companies to grow the international business, further launches of products in Colombia and finding a valuable partner for entering the biotechnology field.

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