Interview: Harold Karam – General Manager, Farma de Colombia, Colombia



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Harold Karam, General Manager of Farma de Colombia, speaks about the implementation of business strategies for the company moving forward, including the growing footprint in the institutional market, while focusing both on own product development and new licensing agreements.

Mr. Karam, you have been appointed general manager about four years ago. What have been some of the main milestones and developments of Farma de Colombia ever since?

The past years have been highly transformative for Farma de Colombia, as we decided to make certain amendments and introduce new implementations to integrate them within our business strategy. First, we have been increasing our market share, predominantly in the primary care and OTC market being our central point of business activity. Additionally, one of the main developments in the recent years has been to strengthen our presence in the institutional market, where we've been reaching 20 percent of sales last year. We are investing more in gaining participation in this area, with ambitions and projections to achieve 50-50 percentage split between private and institutional market in the next five to seven years. However, the retail market currently remains of salient significance and prime source of growth for Farma de Colombia.

You hold a wide diversity of products in your portfolio. Where does your strength lie and what are the main growth drivers?

We hold a robust product portfolio in the gastroenterology therapeutic line with intestinal products, where we are market leader in Colombia. Our pediatrics product line also tends to drive growth and has a strong standing in the primary care. Furthermore, we are introducing new brands in the cardiovascular market and implementing combination therapies and new treatments. The indicated therapeutic lines stand as prestigious products in the private market. However, in the institutional market we have been looking to enter in specialty areas, which we are carefully investigating to eventually appear, in addition to the hospital category with different kinds of products. Moving forward, Farma de Colombia has exciting and interesting products to launch in the next year in the areas of cardiology and pediatrics. Additionally, part of our growth strategy involves line extension with introduction of brands in gastrointestinal, osteoporosis and gastroesophageal reflux disease.

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How have you been building your pipeline to make it attractive for the market and potential partners?

Our business model is composed of two main pillars: development and manufacture of our own products and our R&D department we regularly focus on clinical research in phase III and phase IV featuring certain modifications in pharmacokinetics. The second pillar of our business strategy is to rely licensing agreements with small and medium size European, Latin American and American companies. In line with this, we have powerful partnerships with Brazilian and Mexican companies, which is setting us apart from other companies usually choosing giant European firms. In both countries, we've managed to encounter reputable partners, who have no direct presence. They found a reliable partner in us with a remarkable reputation in both the local field and the Andean region. Some of our main partners are Valeant, Ache, Liomont, Vifor and Merz. We have been cultivating our partnership strategy, even though it has been strongly evolving since we have a strong Business Development Department. In terms of split percentage of sales, 70 percent count for our own products versus 30 percent that belongs to licensing agreements. Even though licensing agreements make up a considerably lower share of our entire sales, we are in constant search for new opportunities and new partners that would imply different companies from Europe, including attractive markets such as Italy, Germany, Switzerland, Mexico and Brazil.

What makes Farma de Colombia a partner of choice for these companies looking to enter the Colombian market?

Our main strength lies in marketing. In light of our strong business activity, we are working hard on differentiation and creating a unique selling proposition. Even though we are not positioned as the

lowest price medical provider, but rather medium price range, we established a well reputable name within the medical community in Colombia, particularly in the paediatric, gastro, obstetrics/gynecology and cardiology therapeutic areas along with a strong position in the Colombian pharmaceutical environment as a leader in several segments of market.

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You have been achieving excellent performance results, being in the top 15 companies in the Colombian retail market. Specifically, in terms of sales, how have you been performing last year and what is the growth target for 2017?

Farma de Colombia has been achieving continuous growth and we will maintain the growth and progress of our company. We expect to finish this year with six or seven percent of growth. This growth will be supported by price adjustments and new products launches, in addition to continuous hard work and a committed team.

Farma de Colombia is also fostering exportation as part of business model, being mostly focused on Central American countries. Which countries are you presently exporting to and which countries are your future targets?

Our main export country at the moment is Ecuador, followed by Peru and several countries in Central America: Guatemala, Honduras, El Salvador and Dominican Republic. However, our plans for the future imply to start exporting to Bolivia in the near future and other LA countries will be following in the medium-term.

What are your strategic priorities to ensure the future prosperity of Farma de Colombia?

The last 16 years I have been working at Farma de Colombia, I have learnt about the importance of attracting and keeping the talent force. In fact, the average length of years spent in the company ranges from ten to 12 years. This is a result of quality work we provide and the efforts we are putting into keeping the spirit of a family-owned company executing the business strategy for long-term results to sustain the company and its growth. In the meantime, we are looking for new ways to approach the institutional market, seeking greater participation in the Colombian and the regional pharmaceutical environment while targeting new diseases. Specifically, we are interested in pinpointing therapeutic areas where big companies are not present- such as Anaemia and Parasitism. As our founder used to say, we want to be where nobody else wants to be- this is our leading philosophy.

Having had an extensive career within Farma de Colombia, what exactly is the main source of your motivation that keeps you here?

I have been working in the pharmaceutical industry my whole professional life, with previous working experience within big pharma companies. However, something I always cherished about Farma de Colombia, is the autonomy and implementation of the ideas that will move the company forward. This feeling of action and creation of alternative pathways to success, is one of the key factors that keeps me loyal and dedicated to this company. Additionally, I am very proud and appreciative to be part of the company that has positioned itself as a leader in several segments of market and a strong player within the cardiovascular area. Farma de Colombia is now on its way to also succeed in the institutional market in the coming years.

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