



Roadmap to Sustainable Healthcare

México 2023



Executive Forecast Mexico: Roadmap to Sustainable Healthcare 2023

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Executive Summary

Executive Forecast is proud to present this comprehensive, relevant, and deep forecast that explores the current state and future trajectory of the Mexican life sciences sectors, as seen through the eyes of the executives who are driving change in the industry as the country finds itself at a crossroad full of opportunity.

Drawing from direct conversations with the CEOs of companies and the extensive data and resources provided by the OECD, WHO, and IQVIA, our aim is to assemble and disseminate the invaluable perspectives and experiences of the trailblazers who are guiding the evolution of Mexico's life sciences sector, as it embarks on establishing itself as a Latin American hub for innovation.

This strategic report showcases the most compelling aspects of our dialogues throughout 2023 and aspires to draw light on challenges and prospects within the life sciences sector. Ultimately, we seek to establish an 'industry forward' perspective that prioritizes the well-being of patients, highlights the endurance of the system, bolsters business development, and shapes future policy.

As geopolitical challenges continue to shape the healthcare landscape, this report serves as a foundation for informed decision-making and actions. By addressing these issues head-on, the industry can work towards building more resilient healthcare systems. We hope this report inspires stakeholders to come together, driving positive change and progress in the healthcare sector.

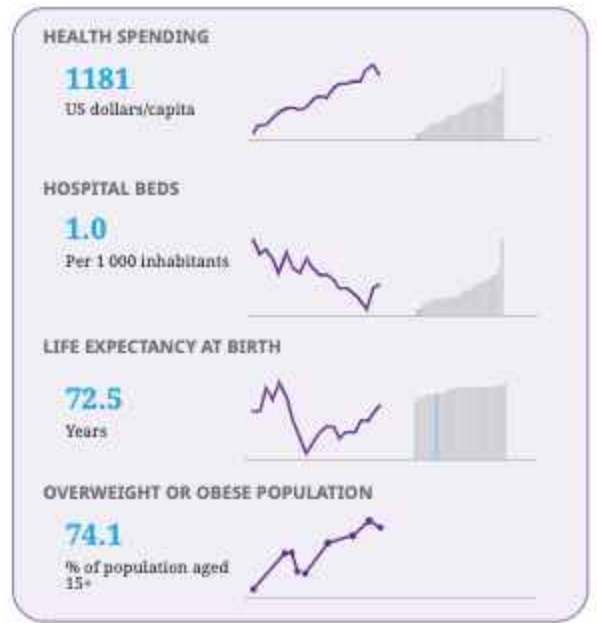
Introduction


“The future depends on what we do in the present.” – Mahatma Gandhi

“Everyone has the right to healthcare,” claims Martha Delgado, previously of the Mexican Ministry of Foreign Affairs. The country finds itself at the crossroads of a dynamic political, economic, and social agenda, holding the potential to establish a framework that leads to sustainable healthcare and propels its ability to become a robust industrial powerhouse.

The sectors are showing impressive growth, with the pharmaceutical and medical technology markets forecast to be worth a combined \$15.22 billion in 2023. Additionally, the country is en route to establishing its strategic significance in the innovation supply chain by leveraging the next generation of talent to become ever more relevant in clinical trials and technological development. Despite global economic turmoil and a looming recession, the macroeconomic climate is favorable, with impressive stability, a strengthening currency, and newfound growth-driving opportunities such as nearshoring.

In this report, we proceed to shift our focus from the alluring landscapes of innovation and growth to delve deeper into the crucial dynamics that underpin a sustainable healthcare system. True sustainability involves proactive approaches, robust collaboration among stakeholders, and balancing healthcare supply and demand through preventative measures and cost-reducing technological integration.





Latin America represents **6% of the World Pharma Market**, being a complex region with different regulations, languages, health providers, Governments, and market needs.

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Chapter 1

Challenges and Opportunities

2 Sides of the Coin



Opportunity: Nearshoring

Raquel Buenrostro, Mexico's secretary of economy, predicts that the country will be a global economic powerhouse in 30 years. This is partly thanks to the shift of more than 2000 companies moving their manufacturing operations from Asia to Mexico to best serve the USA, its neighbor to the north, and the world's largest economy, with a GDP of \$23 trillion².

and we have plans to be leaders in Mexico for the next seventy years," explained **Fernanda Guarro, President and MD.**



Similarly, the world's largest medical technology company, **Medtronic**, also has a long-standing presence in the country but clearly recognizes the importance of capitalizing on the current trend: "For us, Mexico is already an important hub in which we have invested for fifty years. That said, the next two years are critical for developing opportunities to continue growing as a supplier for the US market, where proximity is one of our best assets," confirmed **Hector Orellana, VP for North Latin America** and recently appointed **President of AMID.**



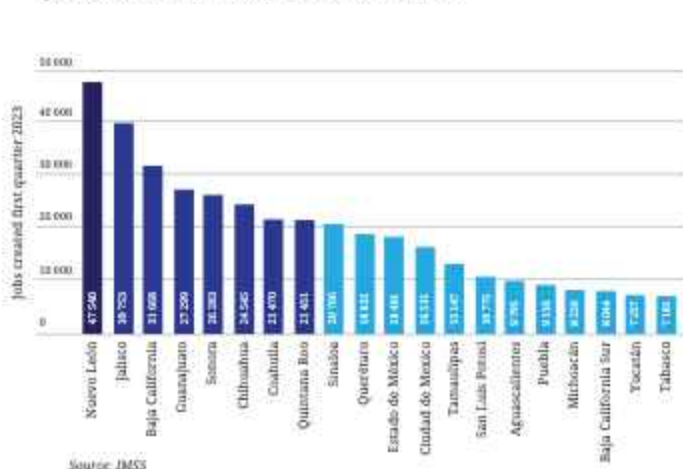
It is not only the exportation of products that provides a nearshoring opportunity; this trend can also leverage innovation, research, and development. "We must implement an agile system to bring more R&D to Mexico. Many centers drive innovation here, but we must support and put the pieces together to make Mexico attractive," said **Nicolás Linares, VP and GM of Ultragenyx for Mexico and Central America**, which brings innovative treatments for rare genetic diseases to the region. They seek to capitalize on Mexico's proximity to the USA and increase the innovation footprint of the country: "It is a kind of R&D nearshoring; many clinical studies and branches could be opened just south of the border, which could be a direct investment in the economy. We are working to bring R&D directly to the country."



"There has been a significant trend in nearshoring industries post-pandemic, particularly in healthcare, namely medical devices and pharma," claims **Guy Savoie, CEO of Carnot Laboratorios**, a Mexican flagship company developing and launching innovative products locally. In his opinion, the shift from Asia to the US can be explained because "The United States is the largest health market in the world and generates important opportunities for companies in the region as potential suppliers to that market." Furthermore, "specific incentives within the Trade Agreement make it easier for Mexican companies to supply health inputs to the US as opposed to Asian companies."

Notwithstanding the recent nature of the trend, many have long since seen the value in Mexico as a manufacturing hub. Companies like **3M México** have been nearshoring for many years: "Our three manufacturing sites, Ensenada, Monterrey, and Ciudad Juarez, are dedicated to the North American market. Our footprint is very large,

JOB'S GENERATED IN MEXICO BY NEARSHORING



IN 2022, THIRTEEN STATES CAPTURED 99% OF THE RELOCATION OF PRODUCTIVE CENTERS



Challenge: Regulation

Striking a delicate balance between ensuring patient safety, promoting innovation and growth, and maintaining accessibility poses significant hurdles for policymakers and companies alike.



"The regulatory issue is important and always listed first on the agenda. We need to work on making it more efficient and effective," asserted **Cristóbal Thompson, Executive Director of AMIF**. He explained the key issue as delays in approvals and adjustments, *"In Mexico, patients take 4.3 years to have access to medicines; this is twice as long as in Brazil and four times longer than in the United States"*. Such timeframes are tightly linked to their impact on the innovation supply chain and directly affect go-to-market models.



Suryanarayana Nagendra, DG at Zydus Mexico, explains that his prescription business, in terms of growth, has been affected by the slow pace of regulatory approval for new products with a significant shift in the last decade: *"An improvement in regulatory approval timeframes would lead to growth in the pharmaceutical industry and positively affect the economy"*. As much as I agree that regulation should be stringent, it should be done within reasonable timelines".

Those in the MedTech sector also feel the strain. Despite that, leading executives choose to take a constructive approach to the circumstances. Such is the case of **Medtronic's GM, Hector Orellana**, who believes that "we continue working on the regulatory framework with COFEPRIS as it is critical to move forward and expedite procedures." He also takes a forward-thinking view when it comes to re-shaping regulations to enhance the approval process of innovative products and technologies: "It is clear that technology is on an accelerated track, the development of a regulatory framework for innovation over the coming years should be extremely interesting for us all."

Similarly, **Eric Hågsater, President of local giant Chinoin**, also relishes the challenge of overcoming various obstacles to fuel the company's growth: "Despite the challenges in Mexico's health system over the past four years, we have adapted and found ways to succeed, especially with Covid-19, we had to adjust our strategies and have been utilizing virtual visits and samples to continue to meet the needs of physicians. Today, we pride ourselves on being one of the leading companies in the number of prescriptions obtained."



Opportunity: Macroeconomic climate

Mexico's favourable macroeconomic climate is paving the way for many opportunities across the sector. Aside from showing impressive stability and holding down inflation rates, the Mexican Peso emerges as the third strongest in the world regarding performance against the dollar, enticing investment from Multi-national HQs.



"Mexico is poised to offer significant opportunities in 2023, given its vital role in the Latin American region and the global economy," claims **Karla Alcázar, recently appointed President and GM of Lilly's Latin American operations**. She explains that "this is supported by Mexico's expected economic growth, which surpasses the global average, signaling a promising outlook. Moreover, our currency boasts exceptional stability, bolstering the country's overall appeal to potential investors." This favorable climate translates directly into opportunities for the company, embedded in

the Mexican market for over a century: "For Lilly, this year is particularly exciting, as many ventures are on the horizon. We plan to launch two to three new products annually, driving accelerated growth."

Andrés Bruzual, GM of Mexico at Roche, agrees, "The economic and fiscal indicators for the year look good, and inflation has started to decrease," which is crucial for attracting resources to the country from its Swiss headquarters. *"If we want more patients, investment, and research, we must convince the HQ that the conditions are right to bring investment to Mexico"*, and that includes macroeconomic stability," he concluded.



Pablo Bufano, MD of Dräger Mexico, recognizes that this is the moment to capitalize on the potential, "We want to prove that Mexico has a market that the company can focus on at a global level as we have become much more important to the group than in the past. *Our excellent results, company growth, and the Mexican market have demonstrated that we are worth the investment"*.



Challenge: Prevention

Promoting proactive measures rather than reactive treatments not only benefits patients but also has positive economic implications, leading to a more sustainable and future-proof healthcare model.



"Preventative care is Mexico's biggest challenge," says **Fernando Lledó, DG at Bupa Mexico**, a British insurance and healthcare company driving its growth and footprint in the country through key acquisitions. He suggests the differing approach from his native Spain could be due to a cultural difference, "Latin America has a younger population than Europe, and people do not think much about prevention in their thirties. Still, it is a cultural issue, and health and insurance companies must educate the population on the virtues of prevention."



"Our healthcare system is more oriented toward diagnosis and treatment than prevention," agrees **Alejandro Paolini, MD for Mexico, Central America & the Caribbean at Siemens Healthineers**. Despite the challenges, he suggests that Mexico is headed in the right direction and that the company remains committed to tackling this challenge:

"Our population has become more conscious of the significance of prevention and personal health. We consistently insist on its importance as *every dollar you spend on prevention means you will save two or three dollars on treatment.*"



Sara Montero, MD Mexico, Central America, and Andean Countries, Lundbeck, agrees on the economic importance of investing in prevention: "It has been shown that if you invest resources in prevention, you spend less money in the long term."



Agustín Zabulanes, Country Director of fellow MedTech giant Boston Scientific, reckons the issue goes far beyond Mexico, given "the current healthcare system is at risk of failure in various regions worldwide because the demand for healthcare services is increasing at a faster rate than the resources available to meet them." Therefore, he suggests the implementation of technology could provide a solution, "*A big reform for digital health in Mexico would bring value to the public sector and allow us to find the highest unmet needs.*" However, it is worth starting small and then escalating when all enablers are available." As for key participants, he looks towards the array of innovative start-ups looking to bring disruption to the market, "we already have many startups working on changing people's habits using AI to improve nutrition, mental health, and sleep habits. They will surely make an impact."



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Beyond Borders

Mexican pharmaceutical companies are leading the charge in Latin America, bridging healthcare gaps by providing high-quality medicines at competitive prices. Their expansion generates economic growth and fosters cross-border collaborations, elevating healthcare standards across the region.



R&D focussed Stendhal, which partners with biotechnology companies to bring innovative treatments to the region. "We are showcasing impressive growth in Central America and the Caribbean," states **Rodrigo Ruiz, Stendhal's General Manager**, who has his sights set on dominating the area. "Our vision for Stendhal Pharma is to become the leader in the orphan drug business in Central America, and we will achieve it."



Also expanding across the continent is Mavi, a Mexico City-based producer and marketer of over 50 branded generic products, celebrating its 70th anniversary this year. "We have a division in Central America, with operations in Guatemala, Honduras, El Salvador, Panama, and Costa Rica," asserts **CEO Iñaki de Izaurieta**, who is not only looking south of Mexico to capitalize on expansion opportunities. "Furthermore, we engage in contract ma-

nufacturing for private labeling in the United States. The proximity to the United States offers a significant advantage, particularly for nearshoring."

In addition to exporting, some local companies are growing their footprint across the region through strategic investments. "To help us diversify, we decided to acquire a plant in Colombia, which



has provided us with a geographical advantage and the opportunity to expand our product offerings," says **Eric Hågsater, President of Chinoin**. This will provide the company with greater capabilities across the continent; "This move will also enable us to increase our exports to Central America, where we have had a presence for decades. Colombia is a valuable addition to our production capabilities and provides us with a foothold in new markets," he added.

Capitalizing on the Opportunity: Arthrex

The ability of a company to transform challenges into opportunities is pivotal for its growth and resilience in an ever-changing healthcare and business landscape, orthopedic giant **Arthrex** battled the hardship of Covid-19 to do just that. Commercial Manager **Aarón de la Rosa** says, "During the pandemic, our niche business faced some challenges. Elective procedures did not demand immediate attention, and many patients avoided visiting hospitals. However, with the conclusion of the pandemic, our company

witnessed a rapid upsurge in popularity. In just two years, our sales nearly doubled. We ultimately capitalized on the market gap created during a pandemic, which helped to increase our market share resulting in a positive outcome for us."

The company is leveraging its increased market share to provide greater medical education to Health care professionals, in combination with an innovative portfolio of products, which allows Arthrex to *Help Surgeons Treat their patients better.*

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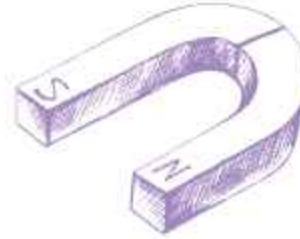


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The Mexican Attraction



Why Mexico? In an era where global health has taken center stage, Mexico has emerged as a compelling destination for investment in the healthcare sector. We delve into the multifaceted factors that drive companies' commitment to Mexico's health industry, both local companies expanding from within and multinationals leveraging Mexico's dynamic market as a springboard to Latin America.



Sven Boes - CEO, Auna Mexico

México is a vast country that is more than twice the size of Colombia and Peru combined and shows a prospect of strong growth. Our goal here is to replicate the successful expansion we previously achieved in Peru and Colombia, using that knowledge to adapt to the specific characteristics and needs of the Mexican population, expanding in large, underserved cities requiring a high-quality model of care.



Alejandro Bonilla - DG, FAES Farma

The realization of the untapped potential of the market led to the birth of Faes Farma in Mexico, starting with 60 employees and now at 220 in just a year and a half. HQ believes wholeheartedly in the Mexican market's potential, aiming to make it the company's second most vital subsidiary by consistently focusing on its progress. Investment is proof: our commitment to Mexico remains strong, and we're constantly investing and driving growth.



Iñaki de Izaurieta - CEO, Mavi Pharmaceuticals

In South America, there is fierce competition from powerful laboratories. However, Central America and the United States have significant unmet medication supply needs. This represents a big opportunity for Mexican companies that possess well-established production facilities, as there are numerous opportunities for pharmaceutical manufacturing in the country. Due to the low indirect costs associated with production, labor, and transportation, there are vast business prospects for those establishing themselves in Mexico.



Jose Miguel Fonken Quiroga - DG, Asofarma de Mexico

Because of its volume and growth, the Mexican market is very strong, if we are doing well in Mexico, we will be doing well throughout the region. We are growing rapidly in Brazil, but we are not yet in a leadership position. Once achieved, *Mexico and Brazil will be the drivers of leadership in Latin America, as both will be the main engines of growth and future leaders in the region.*



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Cristobal Thompson

Executive Director
AMIIF



Opening remarks

CT: The healthcare industry became the largest and leading sector globally after the pandemic due to investments. On average, AMIIF generates \$250 million annually, which can easily be tripled to \$750 million annually. *To achieve this type of economic transformation, our thinking must transform. We must become innovators and transformative thinkers rather than ideologists.*

We are fighting to implement sustainable policies to attract more investors to Mexico. *All the current stakeholders need to be more open-minded. I am currently focusing on our companies' and investors' interests and how they can be innovatively met. Innovation within the pharmaceutical sector begins with clinical research. We need to offer a more appealing market to attract more investors and talent.*

Many sector leaders in Latin America advocate for public-private collaborations, yet these partnerships often fail. It's time to be honest about our complicity in stifling collaboration. We blame the government for being inflexible and don't consider our rigidity. *All parties must become more accommodating and open to discussion. Communication is key, and everyone has a part to play.*

EF: If you were appointed as a CEO to head operations for a multinational in Mexico, how would you describe the market to us, and how would you thrive in the Mexican market?

CT: *Working as a CEO in the LATAM market is a great experience and a career enhancer. The Mexican market is a highly competitive market with much margin for growth.*

Mexico has a strong market presence, with its pros and cons. With many multinationals in the mix, it makes for a highly competitive market. Some companies can gain full market command while others have 0%. This can be seen as an advantage or a disadvantage, but it should be viewed from a more positive perspective. I advise you always to look at your competition and find out what they do better than you.

“ Working together to maximize our potential should be the goal of all involved. ”

Digitalization is quickly becoming the norm. Several businesses are searching for digital solutions to increase the efficiency of their systems and the country. Rather than go back to the outdated normal after the pandemic, we should embrace the new one. We must be creative and think beyond the traditional to develop lasting solutions.

EF: How do you see the AI mindset progressing in Mexico? Is this a breakthrough year for AI?

CT: The country's current leadership prefers the older approach over the new approach. The biggest issue with the older approach is stagnation. There is little to no room for change in a time when change is fast becoming the norm. The second issue is the bureaucratic decision-making process. We hope the new administration will be more future and change-oriented and create a shift for the current system. The AI and technology we bring on board must be up-to-date and cost-efficient. We search for relevant tech to the present, which may give our organization an advantage.

To free up resources, we should strive for efficiency and effectiveness. The more help we can generate, the more innovative medicines we can innovate. To attract more resources and investors, we need to become creative thinkers. Instead of discussions focusing on costs, we should talk about value.

Any collaboration between the public and private sectors must be a win-win situation for all parties involved. With the current system, many are hesitant to have the conversation due to the potential constraints they may have to face. Most things on our agenda, like pushing digitalization, are common to Mexico. Other regions and nations have successfully tackled all the issues on our schedule. *We do not have to reinvent the wheel; we must readjust it to our market. However, our top priority is COFEPRIS.*

EF: How are AMIIF and your members collaborating with the different stakeholders to contribute towards sustainability in healthcare?

CT: One of AMIIF's pillars is creating sustainable systems. Every year, we work closely with sustainability groups to research what is needed and what we can do to develop sustainable healthcare.

When AMIIF first began five years ago, there were only a few leaders; now, we have fifty-eight. The ones who have been in the market the longest are more focused on the long haul, while newer people prioritize short-term goals. Because of this disparate outlook on our projects, finding common ground between the short- and long-term thinkers has been challenging to balance the projects and make them sustainable.

Partnering with other healthcare organizations allows us to explore more methods for creating a lasting system. We can't tackle this task alone, so it is essential that the industry bands together and forges alliances to develop a sustainable healthcare system.

If we want to develop Mexico, we must empower more women and promote equality in the workforce. Beyond this, we have long-term studies on different areas, like tackling NCDs from a woman's perspective beyond reproduction. Including women in the overall system will generate more opportunities for them and improve and elevate the system.

EF: What would you like to be remembered for?

CT: *My role in the group is to be the voice of determination and drive for progress. I'm fearless to be the only one who stands up against the crowd if it means creating progress. Even though I might come off as stern, I hope it isn't mistaken for a lack of kindness. I want to be known for fighting for change and innovation.*

Alexandro Arias García

Life Sciences and Health Care Leader
S-Latam, Deloitte



EF: From your perspective and that of Deloitte's life sciences and health-care division, do you see 2023 as a challenge or an opportunity in Latin America?

AG: Challenges always present an opportunity to do things differently. 2023 is an opportunity for companies to make a difference. Pharma companies, especially those focused on life sciences, are driving innovation. Their strides toward innovation are having a significant impact on the systems. Innovation is expensive, and our systems are not ready to receive it.

Companies have been thinking about different ways to bring innovation to the system. They have been re-inventing themselves in the process. This is good because they are no longer just focused on ticking boxes. They are now focused on understanding the patient's journey, getting there, finding ways to make the patient more engaged, and helping them financially to have access to the medicines.

Companies need to solve issues related to financial resources, engagement, and early detection. Once these issues are solved, it will pave the way for doing things differently. Life sciences companies are currently engaged in all three parts of the process.

Healthcare providers are also finding ways to do things differently. *In the Mexican system, patients were paying for a significant amount of their healthcare needs out of their pockets. This amount was around 48 percent.* Providers sought to determine how they would create certainty in the system and how much it would cost for patients to be treated for certain diseases over a certain period. This was helpful as it led to the creation of packages where patients have certainty of how much they are going to pay.

We have to use different financial sources because government budgets are limited. They need to consider other sources, such as the World Bank. They can use these funds to develop programs centered on prevention. There is going to be a transition in the way they offer healthcare. This will be based on the results gathered from the use of new technologies and improvement of engagement.

The patient is another aspect we need to look at. Empowerment allows us to learn about the importance of health in our lives. We never really thought about it until COVID came around. When we measure health, we have to think about it physically, financially, mentally, and socially.

“When we see health from that perspective, we will have an integrated approach to our health, meaning that we have to take care of our finances, relationships, and physical health.”

EF: What is the potential of the Latin American region to position itself as an innovation hub on a global level?

AG: I think innovation is not only about how you develop a science. Innovation also comes from how you deliver it. From a scientific perspective, I think we can become a hub because if you want to launch any medicine in one of the Latin American countries, it's easier and faster to get approval for the medicine if a part of the population that got tested is from a Latin American country. Getting into clinical trials is very important. For example, Sora in Colombia is investing a lot in testing.

On the innovation side, we learned about the importance of collaboration during COVID. We need to collaborate with different centers. Life Sciences companies are collaborating with different centers in Asia, and they are also thinking of how to develop their own capabilities in other countries. On the delivery side, we have cutting-edge institutions that are transforming the way diabetes is treated.

Healthcare providers have different approaches, and we once worked in a program where we took women on a journey that started with pregnancy. For example, we start with pregnancy, and when they have a baby girl, we identify if there are biomarkers that will lead to disease later in life. After three years, we have the papilloma vaccine, and later in life, we have periods and the education around that. When they get pregnant, they also get an education because they have to understand their role and what is going to happen to their body.

EF: If you had to design a road map to sustainable healthcare for Latin America as a whole, what would your three base pillars be?

AG: My pillars would be an integrated care approach that includes prevention, engagement, and financial health. The way we deliver help needs to change. We have to understand that we have patients who pass through the system because they have an infection. We also need to be aware that in our different countries, we have chronic diseases that need to be treated completely differently. Prevention requires education and early diagnostics. We need everyone to be financially involved. We pay a lot for our healthcare, but if we make some decisions on the way we invest our money, we can have a greater impact. Companies can play a role in managing certain aspects of people's health.

EF: Do you have a final message for our readers?

AG: We have to transform the system and give access to everyone. System transformation and health equity are very important. If we don't achieve these two things, we are not going to have an impact on the way we deliver health to Latin America. We recently signed a pledge at the World Economic Forum that we are going to do everything in our power to reduce health inequities to zero. Everyone needs to have access to healthcare. We are approaching health in a different, holistic way. Socially, mentally, physically, financially, and emotionally. Interoperability is another important topic because the system has to be interoperable. It means that everything must be digitalized, translated, and connected.

Eric Hagsater

President
Chinoín



EF: How do you see 2023 from your perspective: as a challenge or an opportunity?

EH: I see it as a huge opportunity. We have had two very good years, and we were very well positioned during the COVID-19 pandemic because we had the right medication. In February of the first year of Covid, when doctors began prescribing one of our products to patients, we sold one million three hundred thousand units. We had a million in stock by chance but had to put our plant on a 24/7 work rota to make the other 300 thousand units. We had great results that month, and since then, we have had a high demand for different products at different times. Unlike other companies that went out of stock, we were well stocked in raw materials and finished products. We never broke the supply chain, even when getting products from China was difficult. Our strategy is "just in case" and not "just in time," as a result, we have had two very good years.

Now, we have purchased several licenses, added new products to our lines, opened new lines, increased our sales force into new markets, and further specialized sales forces, and we are doing wonderfully. Last year was the first year we had to work 24/7 for six months to meet the demand. Fortunately, we could comply. We purchased a new line for the capsules; we were the first company worldwide to do continuous granulation. We installed the equipment for production that combines 3 to 5 milligrams in a gram; every capsule must have the exact amounts, and the only way to manage a perfect combination is to do it in its liquid phase. We used to reprocess several batches, but with the new equipment, that has been a problem of the past. *We are now getting a second line with the same equipment, which will increase our output; we have started exporting to the United States, and it has gone much faster than we expected, and our market will grow impressively.*

EF: Chinoín has three production plants, Aguascalientes, Mexico City, and Farmacol in Colombia. How do the plants complement each other in your production footprint?

EH: We do everything in Aguascalientes; in Colombia, we have purchased several products, some of which we will manufacture. We are considering manufacturing in Colombia for Mexico; we are also increasing the capacity of human pharma in the existing plant in Aguascalientes. We have the space to do so, and the next phase will be an expansion to add a fourth line for manufacturing solids without having to make any major changes, just using space we already have but are not using to maximum efficiency. We have 20 hectares for new plants, which will come in time to increase any part of our installations.

EF: Regarding your portfolio, what is the driving force behind it? What is the balance between prescription and over-the-counter markets, and what drives growth?

EH: Our OTC products are so effective that they are prescribed by doctors despite being available over the counter. We have established a strong reputation for quality and reliability, which has allowed us to maintain a dominant position in the market without relying on extensive media advertising. Our products have even gained popularity in the United States, particularly Antiflu-Des, which required some adjustments to meet the rigorous standards for branded generic pro-

ducts. With our sights set on expanding into the Mexican market in the United States, we plan to leverage our well-known products to establish a strong foothold before moving on to even greater success.

EF: What is the strategy of international companies in Mexico regarding partnering with local companies to market their products?

EH: In recent years, numerous international companies have chosen to divest their traditional products, leading to a decline in prescriptions. Meanwhile, global companies are focusing on specialized markets like biologicals and selling off their older product lines. Capitalizing on this trend, we have successfully acquired some of these products for various markets, particularly in Mexico and Colombia. Despite facing significant competition from local rivals, we are pleased with our performance, although negotiating favorable prices and ensuring immediate growth remains a challenge.

EF: Next year, you will celebrate 65 years working in Chinoín while the company celebrates its 100th anniversary in Mexico. What will be your celebration speech for either of these momentous occasions?

EH: We will see where the company is by then. Chinoín is a family business, but fortunately, not all the family is involved. It is a good idea when the whole family is involved in the family business. I have seen the problems family companies get into because of family over-involvement. Family is not necessarily the most competent of the employees. Only one of my daughters is involved as the Commercial Director, but other family members are professionals working elsewhere. The General Director knows he will be the director till he retires; my daughter will not take his place. She will eventually take my place on the board of directors but will work in operations under the director. We pick people on merit, not on blood relationships.

I am very involved in the health system because of FUNSALUD, which I presently preside with, and I have been on the board for ABC Hospital for twenty-five years. I was in charge of presiding over the design and building of the first phase of the Hospital in Santa Fe, a full hospital, when they wanted to make it an outpatient clinic, which I opposed. Santa Fe Hospital today is more than a full hospital; it is several hospitals put together and has been a great success.

“ A longer vision and an awareness of the possibilities are needed to do things right. ”

EF: Is there any final message you would like to share?

EH: First, I would like to recognize our team of directors and all employees who have enabled us to reach the situation we presently hold. I would also like to invite other entrepreneurs in Mexico to continue investing with integrity, quality, social responsibility, and values in spite of the uncertainties of the local and international economic and political environment. The health sector is full of opportunities and challenges.



Iñaki de Izaurieta

CEO
Mavi Pharmaceuticals



EF: How do you see 2023 as a challenge or an opportunity?

II: *This year presents great opportunities for companies.* Those who can adapt to political and regulatory changes, market issues like raw material supply and price increases, and labor policies in Mexico will be able to turn these challenges into opportunities.

EF: Could you elaborate on your footprint and portfolio and how it has adapted to the needs of Mexico?

II: Our company has a portfolio of 50 branded generic products. We have a widespread presence in Mexico, visiting 18,000 doctors across the country and servicing 700 hospitals, both private and public. Our target audience comprises doctors catering to the middle and lower middle classes. As a policy, we do not disclose our sales to any auditing company, including IQ-VIA, as we prefer to maintain a discrete approach. *We sell our products directly to pharmacy chains and distributors serving the market and hospital segments.*

EF: Considering Mavi's status as a manufacturing powerhouse, what are the advantages of having a local production footprint in Mexico, and how can it be improved?

II: There are numerous opportunities for pharmaceutical manufacturing in Mexico despite the slow and often inefficient regulatory authority. *Setting up manufacturing plants in Mexico remains a lucrative business due to the low indirect costs associated with production,* including labor, workforce, and transportation, despite security concerns on the highways.

Land costs are affordable, and construction expenses are comparable to those of other regions worldwide, particularly in Latin America. Additionally, the proximity to the United States offers a significant advantage, particularly for nearshoring.

When I discuss with my colleagues from other laboratories, I encourage them to explore private labeling in the United States. It is a profitable business; private labeling does not bring you sales for your branded product because you are manufacturing for the United States. That is my perspective on the matter.

EF: How would you characterize access distribution in Mexico? Furthermore, in what ways does Mavi contribute to improving access to healthcare products in the country?

II: That is indeed an important topic in the retail business.

We see access as an opportunity for a company to make it easy for our product to be consumed by almost 130 million inhabitants in Mexico.

What you have to do is design a model, create it, and execute it well, where you know that your product will reach over 30,000 points of sale throughout the country every week consistently, and your product is present there.

To do that, you have to work with national distributors, local distributors, and regional distributors, and then you have to work with specific distributors who serve or supply the hospital market in Mexico, including small private hospitals, medium private hospitals, large private hospitals, and decentralized government health clinics with state autonomy. What we have done is expand opportunities with different logistics companies, not just working with one but several. This way, not only does your product arrive, but we also use air and land transportation.

EF: After such a long time in the market, if you had to give a speech to all your employees to celebrate 70 years, what would you include as part of it?

II: *It is crucial to emphasize that the journey, with its many changes, challenges, and triumphs, has led us to success. This achievement is the result of collective efforts. We have accomplished this together as a team.* We do not raise individual flags here and claim victory; it is the combined effort and talent of all of us that has propelled us forward. It all began 24 years ago when we ventured into the private market from scratch. Since then, we have reached a significant position among laboratories in Mexico.

Recognizing the contributions of our people is vital. When we acknowledge their efforts, it motivates and fosters a strong commitment to our company. We prioritize fairness and maintain direct communication channels within our organization. Our commitment to providing excellent working conditions has earned us certification as a Great Place to Work.

This extends beyond economic and benefits considerations to encompass comfortable workspaces, safety, and equity. Therefore, in my recent speech, I emphasized that our achievements are the collective result of each individual's effort and commitment.

EF: How do you attract and retain the very best talent in such a competitive market?

II: This might not be well received by companies that serve as suppliers of highly talented individuals. *However, my brother and I are continually searching for exceptionally qualified executives who bring with them the expertise and work culture from globally renowned companies.* These are the companies that have developed highly successful models for cultivating and nurturing talented executives at all levels. Within Mexico, we always consider our needs and make decisions accordingly, even if it does not please others.

EF: Mavi's success can be attributed to their astute identification of opportunities and strategic focus on compatible market segments, avoiding ventures that do not align with their core objectives. Their ability to maintain this clarity and consistency over 70 years is commendable.

II: Thank you very much. We have had some setbacks along the way, but there have been many more victories than setbacks. There have been instances when we ventured into markets that were not our specialty. However, we solved the issue and sold high-specialty products to other laboratories that excel in those areas. *If you lack the humility to recognize that you are wasting your time and money, you continue on a futile path.*

EF: As a Mexican pharmaceutical company expanding into Latin America, we value the unique viewpoint that sets you apart from foreign companies with manufacturing operations in Mexico. Are there any crucial perspectives or topics that we may have overlooked and should include in our story?

II: Local companies in any country require the support of their internal regulatory authorities. Without the backing of organizations in the US or EMA in Europe, it becomes extremely challenging for companies to make progress. Similarly, in Mexico, both domestic businesses and those entering the market need the support of our regulatory agencies. Without it, the journey becomes difficult, although not impossible. It becomes an arduous and lengthy process. *I would like to emphasize that while external factors such as crime, international supply issues, and price increases may pose challenges, what we truly need is regulatory and normative support that benefits the industry as a whole rather than serving the interests of regulatory executives.*

Rafael Gual Cosío

Director General
CANIFARMA



EF: What would be your advice to a newly-appointed executive at a pharma company in México? What should be at the top of the agenda in 2023, and what is key to thriving in Mexico?

RG: I would advise them to participate in all the activities we carry out. Our role is to represent the pharmaceutical industry and the 176 Canifarma-affiliated companies for the betterment of the pharma and medical device industries. We work in two main critical areas for our affiliates: regulatory and governmental issues for pharma and medical devices. Improving the regulatory framework and working on governmental matters will be the main two issues for 2023. These are the main areas of concern for a new executive.

EF: If you were representing the Mexican pharmaceutical sector at the ongoing World Economic Forum in Davos, Switzerland, what would be your message to world leaders from an economic standpoint?

RG: We are currently exporting goods to Central and South America, our main export market, but there is still a lot of potential in the pharma industry in Mexico. We have new members joining our organization from Europe and elsewhere because our market is very attractive and has many interesting opportunities. We are working on nearshoring pharmaceutical products with the United States and Canada.

“ Mexico has great potential to export to the US. ”

EF: Mexico has previously struggled with an overreliance on imports, and to export a local production is necessary. Representing local and multinational companies in Mexico, how can you enhance local production?

RG: We have local production of medicines but not of APIs. The challenge for Mexico, the US, and Canada is to become self-reliant in API production. We are trying to attract investments to produce APIs, which currently come from China and India, so we have an excellent reason to nearshore with the US and Canada and begin to produce APIs in Mexico.

EF: Canifarma's key priority of working on the government's acquisitions of medicines didn't go as well as you hoped.

RG: Yes, from an acquisitions standpoint, it was a failure and no help to the industry and also to the logistic operators. We were brought in to increase efficiency and ensure procurement, which did not happen because of poor planning, timing, and decision-making on the part of the governmental institutions that have been involved so far.

EF: From your perspective, what measures need to be taken to create a framework for timely and efficient medicine acquisitions in Mexico?

RG: We need good planning and the right timing to produce the medicines; we can quickly put the pharmaceutical products on the market with a good stock reserve. At least four months of planning are needed to have medicines available in the market.

EF: How are you advancing industrial policy to shape the sector in 2023? Does anything stand out for this year?

RG: We are working with the Ministry of Economy to plan for pharmaceutical industrial development for 2023. We are working within the industry

to define an extended program for the next six years, considering all aspects that need work to achieve the sector's development.

EF: What are your members' key concerns or projects that could emerge in 2023?

RG: Our members' main concerns are mostly the same: an improved regulatory framework and R&D for new products are important for the industry. We give a prize for R&D. "Premio Canifarma" is awarded yearly to encourage and develop a closer relationship between the industry and the research centers (universities and other actors in the research field) in Mexico.

EF: Research tends to go hand-in-hand with technology; what is Mexico's approach toward implementing technology, and is it successful?

RG: We are reaching new frontiers in technology, and there has been a lot of improvement in research design.

EF: Can you tell us about any partnerships or collaborations you are involved with at Canifarma for the sustainability of the Mexican healthcare sector?

RG: Within Canifarma, two organisms work with the industry. The first is CETIFARMA, the Council of Ethics and Transparency of the sector, independent from the Chamber and its member associations and governed by people who are very well known in the private sector but not related to the pharmaceutical industry. And then, there is SINGREM, which works on the appropriate and safe disposal of expired medications.

EF: But Canifarma deals with many people and organizations, so how do you see the importance of collaborative work and the need for collaboration with other industries?

RG: Unfortunately, it has been particularly difficult for all industry sectors to deal with this government. The private sector has had many difficulties in achieving a collaborative spirit with the government. Over the last four years, we have constantly been present and pushing to manage some small collaborations. It is a recurring issue, but we strive onward.

EF: If you had to create a new startup company in the Mexican healthcare sector in 2023, what would it be and why? Where are the opportunities in Mexico?

RG: I would go for new technologies for the pharmaceutical industry; information technology plays an important role. We are working on electronic health records for patients, and there are many opportunities to invest in that area.

EF: How would you like this period in your professional career to be remembered, considering you navigated hard times?

RG: For surviving, I guess! I believe the pharmaceutical industry can become one of the main sectors of Mexico's economy. That is why we work on improving the Mexican regulatory framework and exports and achieving mutual recognition between the FDA and COFEPRIS. We have many projects to develop, and we strive to reach these goals.

EF: If you had to name a project for a panoramic view of healthcare in Mexico, which would it be?

RG: The main goal is to reinforce Mexico's pharmaceutical and pharmochemical (the production of active principals) industries. It would be a major achievement for the industry.



Rodrigo Ruiz

General Manager
Stendhal



EF: What does 2023 have in store for Stendhal Pharma?

RR: We are showcasing impressive growth in Central America and the Caribbean in most therapies, becoming the leading company in orphan drugs and even closing deals with other companies in the region. *Our vision for Stendhal Pharma is to become the leader in the orphan drug business in Central America & the Caribbean, and we will achieve it.* Managing this is complicated because you usually have only one or two products in your portfolio, which can be a big burden for investment. *But since we already have a portfolio in place, we have been able to create important structures in medical and commercial aspects. The good news is that companies are now looking at us to represent them in Central America and the Caribbean.*

Our operations are performing well in the Andean region (Ecuador, Perú, and Colombia), particularly with our orphan drugs portfolio. Despite some uncertainty due to a possible health reform, we are expanding our partnerships in Colombia, and we are on track to consolidating our operations in the Andean region. *As for Mexico, even though we are changing our current business model, our focus on innovation remains part of our DNA, and we are committed to bringing innovative products to patients.* However, external challenges could hinder innovation, especially in the public sector.

In 2023, we will have six innovative products in our pipeline with different partners, which will help us continue to capture long-term value for Stendhal and bring new partners to the Mexican market. We are also diversifying our business. At the end of 2022, we signed an agreement with Danone to represent Nutricia for all their nutritional business in Mexico. This is a big opportunity for us, as 60% of the total sales for Danone come from the nutritional business, which is not a small sector.

Nutricia is the leading company in specific sectors such as allergies, metabolism, and growth. We are going to focus on those three sectors. One reason for this is to diversify our business; the second is that we are looking for products with existing regulatory approvals. That is our strategic plan for 2023: to capture what we call third-party promotions.

We have a detailed mapping of the products we aim to capture from innovative companies. Currently, we are in talks with four companies to help them enhance their portfolios in the short term to extend this after 2024. *We will also continue fostering innovation and capturing value for our partners. For companies seeking to redefine their business models, overcome challenges in the regulatory environment, and face questions about their business model, Stendhal stands out as a partner of choice that allows them to ensure sustainability.*

We focused on capturing opportunities during the COVID-19 pandemic to continue our operations, which helped us to continue helping patients with our vision of providing innovation with a diverse portfolio. *Our unique business model enables us to pursue R&D through discussions and conversations with potential partners worldwide, as our compliance policies align with the IFPMA (International Federation of Pharmaceutical Manufacturers & Associations), giving us an advantage as the only Mexican company in AMIIF.*

EF: How do you decide which companies to partner with, and how do you manage your resources to transition from an innovation-focused portfolio to a more generic one?

RR: We are centered on innovation and have various stages in our R&D process. First, we prioritize the therapeutic areas where we already have a portfolio. *Then, we explore different products in different stages, from phase 1 to phase 3 and beyond, and assess the potential market forecast for those products. After a thorough analysis, we discard products owned by big pharmaceutical com-*

panies and instead focus on products developed by small biotechnological companies.

We present different options to these companies and are willing to invest in some cases, for example, by funding phase 2 or phase 3 clinical studies and obtaining a license for a hundred years or a perpetual license. *Another business model we have is paying a milestone for a license when the molecule is ready to launch. We also distribute products for other companies and develop a tailor-made value proposition depending on the partner's needs. Some partners require funding, while others need compliance operations and full representation in the countries where we operate. This is the beauty of our business model.*

EF: From your perspective, what will be the key driving factors for innovation in Mexico?

RR: *The drive for innovation in the healthcare industry should come from the needs of patients, physicians, and even the government. Finding common ground between these sectors is crucial in delivering innovation to those who need it most.* The current dialogue between these sectors must be reversed as it could be more effective in driving innovation. The industry has a pipeline for innovation, but willingness from other sectors to invest in innovation is also necessary to change people's lives. Even though the pandemic has shown us how innovation can save lives, we are yet to fully appreciate this fact as we took the availability of the vaccine for granted without analyzing what happened. *We need to put everyone in the same direction to be able to align everything and bring innovation to our country's healthcare industry.*

EF: How can we advance innovation in Latin America?

RR: *To enhance innovation in Latin America, we need to concentrate on building bridges. We must focus on financing innovative start-ups with promising products in phases one and two of clinical trials.* However, as an investor, it is important to bear in mind that many of these companies might not go to market, but that is the essence of investing. This is a limiting factor of innovation, which we must address as a unified sector.

EF: When celebrating Stendhal's anniversary next year, what message would you like to send?

RR: *The main message we want to convey is that we are the right partner to provide innovation to patients across all of Latin America despite the challenges posed by working with different governments and guidelines. Our business model is well suited to delivering that innovation. We do not need to reinvent the wheel. We have the right gloves to play in that ring and provide benefits to potential patients. Our 20th anniversary is actually this year; we started operations in 2003 with our first HIV business unit.*

EF: If you had to create a roadmap to the future of healthcare, what would your key pillar be?

RR: *We should continue to engage and bring together all stakeholders involved, such as the government, associations, physicians, and patients, to collectively work towards achieving this goal.*

“ We must genuinely put the patient at the center of everything we do. It is easy to say that the patient comes first, but our actions should align with our words. ”

Alejandro Bonilla

General Manager / Country President
Faes Farma, Mexico



EF: What attracted you to join Faes Farma and their work in Mexico?

AB: I've had experience with major pharmaceutical firms before. These companies mainly target emerging markets, investing substantial funds into specialized gene and cell therapy treatments. However, these treatments are expensive in our region, around \$10,000, which is unattainable for us. *Currently, in Faes, we've introduced innovative, reasonably priced patented products. This approach suits Mexico's out-of-pocket healthcare landscape, where patients buy medicines themselves. Faes offers excellent therapies at prices similar to generics, spanning various areas, like antihistamines. We've crafted top-notch patented solutions comparable to older products' costs. Take our vitamin D offering – it's the best with a patent yet costs similarly to plain cholecalciferol.*

“ Our goal is quality and affordability, ensuring people can afford their medicines and manage daily expenses. ”

EF: Could you elaborate on your portfolio in Mexico and how it has adapted from Spain to the Mexican market?

AB: Initially, we started with a promising drug called *Bilastine*. We allied with a Mexican company and quickly realized the untapped potential of the product. Their previous approach had yet to do it justice. We highlighted the product's worth to them, and they realized it. This realization led to the birth of Faes Farma in Mexico. We hired a small team, revamped our strategy, and dove into promoting the product. That's when I joined the company. We started with 60 employees and are now at 220 in just a year and a half. Naturally, our sales soared – up 21% in 2021 and an impressive 61% in 2022. Currently, we're maintaining a 60% growth rate. *The Spanish team believes wholeheartedly in the Mexican market's potential, aiming to make it Faes Farma's second most vital subsidiary. While we're not there yet, we're diligently working toward it.*

EF: Why did you choose to open a Mexican subsidiary?

AB: *We're present in Colombia, Chile, Peru, Ecuador, and Central America, but Brazil isn't among our subsidiaries. In the Americas, after Brazil, Mexico's market holds great importance. Our council meetings reflect this, consistently focusing on Mexico's progress. The investment is the proof; we're preparing to launch three more innovative products by year-end. Our commitment to Mexico remains strong; we're constantly investing and driving growth.*

EF: From your perspective and that of Faes Farma, is this year a challenge or an opportunity?

AB: We are facing many challenges, particularly concerning COFEPRIS and permits. COFEPRIS is meant to respond within 20 days, yet delays of 60, 90, or even 180 days are common – a significant issue we're grappling with. I understand their caution due to drug issues from China, but it's causing difficulties in importing quality products. Conversely, the opportunities in Mexico's private market are substantial and expanding. *Despite having 12 products in our portfolio, eight of which are innovative, presenting these advantages to doctors remains challenging. We're tackling this with over 200 field experts to showcase our top-tier offerings and their patient benefits.*

EF: You partnered with a local company to bring innovation to Mexico. Could you elaborate more on that?

AB: Initially, we partnered with a local company for one to two years when this company began in Mexico, but things have changed. Now, we handle product distribution ourselves.

EF: How is your go-to-market approach, and how are you innovating and evolving?

AB: Absolutely, we plan our launches about a year ahead. We thoroughly assess the benefits of each product, consulting with our board of consultants and key opinion leaders for guidance. We want to ensure the best approach to introducing our innovative products to physicians. The pandemic caused a rapid technological shift – we now rely heavily on webinars and digital methods, departing from in-person events. Following our preparation, we launched the product, engaging with major distributors, pharmacy chains, and medical associations to showcase our offerings.

EF: How do you balance digitalization and your operations within the Mexican market?

AB: Our initial problem lies with our reps – they often request physical materials like papers and pens for physicians. We're changing this approach, encouraging them to gather physician contact details for sending digital information, even stickers. We have the telephone numbers of over 22,000 physicians, enabling us to share clinical information about our innovative products. *This digital communication is vital since our products boast substantial clinical data and benefits. Sending excessive papers isn't practical, so we embrace digital tools and pathways.*

EF: Can you tell us more about your current initiatives and what you are doing to advance prevention?

AB: It's quite interesting. Our innovative products aren't well-known among many physicians. To address this, we organize meetings where we educate and persuade them. We've introduced a practical approach – providing nurses with ample product supplies for patient studies. We successfully implemented this with flavor tonics and are now focusing on vitamin D. Vitamin D testing is often overlooked despite its importance. *Our goal is to prevent issues by promoting their significance in patient well-being. The joint presence of physicians, nurses, and us in these meetings helps patients understand and embrace the importance and need for our products for their health.*

EF: How do you attract the best talent in Mexico throughout the team's growth?

AB: It was quite a challenge. Just one person handled human resources. We used LinkedIn and other platforms to share job listings. Initially, we hired a unit head who helped recruit managers. Then, we opened applications, received CVs, and passed them to managers for review. Once they selected candidates, we conducted interviews, and it took about two months to complete the hiring process. Our human resources expert has refined her interviewing skills through thousands of discussions, making the process smooth and effective.

EF: When you look back on this period of your career in ten years, how would you like the people around you to remember you?

AB: Let me share a similar experience with Novartis. Before I joined Novartis, they were focused on licensing in, not out. When I joined, they needed to gain the know-how for licensing out. I took the initiative, leading to remarkable success and securing 500 million licensing deals. I established a framework to bolster knowledge exchange with Asia and other regions. It was indeed a significant challenge, but the outcome was truly rewarding.

EF: If you had to create a roadmap to the future for the Mexican healthcare industry for the next five to ten years, what would your three main base pillars be?

AB: *First, when building a team, aim for those who are committed and believe in your vision – they bring out the best. Secondly, gather ample information to make informed decisions from various.*

Aarón de la Rosa

Commercial Manager
Arthrex



EF: From your perspective, how do you see 2023 as a challenge or an opportunity?

AR: During the pandemic, our niche business faced some challenges. Elective procedures did not demand immediate attention, and many patients avoided visiting hospitals during these uncertain times. However, with the conclusion of the pandemic in 2022 and 2023, our company witnessed a rapid upsurge in popularity. In just two years, our sales nearly doubled, showcasing remarkable growth this year.

2023 has presented a golden opportunity for us, as numerous enterprises could not bear the financial burden imposed by the pandemic. The substantial costs associated with operations, including salaries, infrastructure, and operational expenses, proved formidable obstacles. Procuring essential equipment, instruments, and skilled technicians for surgical assistance entails considerable financial investment. Therefore, we prioritized the welfare of our employees, recognizing the time-consuming nature of training replacements. While enduring hardships for a year, we ultimately capitalized on the market gap created during a pandemic, which helped to increase our market share, resulting in a positive outcome for us.

Across the medical device sector, and likely within other technological and industrial domains in Mexico, we face the challenge of backorders. At the same time, we were fortunate enough to experience this issue only recently.

The shifting landscape of public business management has posed its own challenges, particularly in tender processes. The format of integral services and low prices adds complexity to these processes.

While this year has presented an opportunity for us to expand our market share, it has also brought significant challenges, as indicated by such factors.

EF: Could you elaborate on Arthrex's footprint in Mexico and how you have tailored your operations to meet the needs of the Mexican population effectively?

AR: The challenge of adapting our portfolio and making it more accessible extends beyond Mexico to encompass the entirety of Latin America. The arriving products from countries like India and China, or even the black market, add complexity and impact the healthcare industry and broader business sectors. Multinational companies are mindful of the diverse needs of Latin America, and it is common to see it as a unified entity. Similarly, comparable trends and market behaviors can be observed in regions such as the Middle East and select parts of Asia. The evolution of technology is continuous, which means we are leading transitions to the latest generation of products steadily. Nevertheless, just a small part of Latin American users have the possibility to be early adopters of new products and technologies and embrace this evolution; the majority remain at the current level because these transitions are linked to higher prices that are only accessible to a small part of the population without that deviating us from the path of being committed to meeting the market's ever-changing needs.

EF: How do you see the industry's future regarding AI and technology? And how is Arthrex incorporating the latest technology?

AR: Two prominent directions can be observed within the industry. Hand in hand with AI, one primarily is focused on more accurate diagnoses and minimally invasive surgical procedures. Over the past 10 to 20 years, the me-

ical devices industry has dedicated substantial efforts toward advancing tools of diagnosis and reducing the invasiveness of surgical procedures. On the other hand, there is a notable emphasis within the industry on biologics. Manufacturers strive to expand their portfolios with an array of products that are more patient-bio-compatible, leading to enhanced patient results. These development avenues, namely accurate diagnoses, less invasive procedures, and biocompatible products, represent important lines of progress.

EF: Can you elaborate on how Arthrex actively contributes to advancing orthopedic medical education in Mexico through its educational initiatives and initiatives in this field?

AR: Our medical activities encompass a range of diverse undertakings, with the primary objective of educating surgeons on the safe and effective utilization of our products. We aim to impart knowledge and techniques that are reproducible. To facilitate this, we employ various methods, including using models and synthetic bone structures alongside our instruments and equipment to demonstrate specific procedures and product usage. As a highly specialized field, Arthroscopy distinguishes itself from other medical specialties in that the products employed are intricately linked to the techniques employed. Therefore, implants and disposable products are inherently tied to each technique.

Education plays a pivotal role in the realm of Arthrex due to its importance. As a company, we pride ourselves on being one of Mexico's leading medical education providers. Our team comprises highly skilled surgeons and doctors with specialized expertise in their respective fields. Our comprehensive approach entails Dry Labs, Wet Labs, and a Mobile Lab equipped with stations housing instruments, equipment, and models, enabling us to travel nationwide and extend educational opportunities.

While our medical education activities cater to varying proficiency levels in Mexico, our headquarters in Naples hosts a wide and continuous calendar of events accessible to Latin America, including Mexico.

EF: From Arthrex's standpoint, what three pillars will be a roadmap to the future?

AR: Medical Education, Making People Better, and Innovative Products and Business Models.

EF: Do you have a final message for our readers?

AR: While doctors and surgeons often take center stage in the healthcare arena, it is crucial to recognize the invaluable contributions of the pharmaceutical and medical devices industries. These sectors undertake significant challenges to discover new medicines and advanced medical devices. Throughout history, the evolution of medicine and healthcare has been intimately linked to advancements in medical devices. The significance of medical devices extends beyond the large machines found in hospitals; everyday instruments such as thermometers and syringes are vital components of healthcare. A stethoscope, for instance, distinguishes a doctor from a nurse, emphasizing the indispensable role of medical devices. Unfortunately, the broader public and even sectors within the industry may not fully grasp the importance of this field.

The medical devices industry plays a pivotal role in our society. In Mexico, we proudly hold the position of leading medical device producer in Latin America.

Hector Valle Mesto

Executive President
FUNSALUD



EF: As we shift into the post-pandemic era, how are your priorities and agenda evolving? What does 2023 have in store for FUNSALUD?

HM: As we worked through the pandemic, we never lost sight of the key things happening in healthcare. We have to work to close the gap in access. This lack of access is due to three things. The first issue with access is related to personnel. This refers to the physicians, lab technicians, nurses, and all the other people who work in the healthcare system. We need to think about whether we have the right physicians at the right time and place. Over the years and throughout the pandemic, we learned that Mexico has a lack of skilled physicians. We do not have the right specialists. We have too many pediatricians in a country that does not really need that many pediatricians. We do not have enough oncologists, cardiologists, psychiatrists, and geriatricians.

We need to rethink the distribution of the right physicians with the right specialties. In essence, we need to determine the number of physicians that we require and ensure that they have the right specialties. Thirdly, we need to have these specialized physicians inside the country. Our physicians are currently concentrated in the key capitals of the states. We have physicians in some geographies, but when you look into the state, you find a lack of specialist physicians within the country. That generates an inequality where people have to move into the big cities to access healthcare. That is the first of our many concerns as FUNSALUD.

Our second concern revolves around infrastructure. When you compare the Mexican health infrastructure with that of other OECD countries, there is a noticeable gap. This is seen through indicators such as the number of beds, mammograms, or different equipment that is required throughout the country. We also have inequalities in the time it takes to market new drugs and medical devices that enter the market. With regard to the launch of a new pharmaceutical product in Europe or the US, it typically takes about two years for it to enter the market from the moment they submit it to the FDA or the regulatory agency. In Mexico, that process takes around four years. That difference generates some inequalities caused by our lack of investment in the healthcare sector. We typically underinvest by about three percentage points of GDP when we compare that to the OECD's investment in healthcare. That lack of three points for a period of 30 years generates the three issues I mentioned earlier. We do not have the right personnel, infrastructure, pharmaceuticals, and medical devices as required.

We are working to find ways to close those gaps. The only way to close them is to go into new technologies. We really have to work on producing the right physicians and specialists. We then have to connect them to the rest of the country, and that's where things like telemedicine are key. We have to quickly adopt those technologies to try to make a better diagnosis and make sure that we do not move people from the countryside to the cities. We have to do healthcare completely differently. We have to work with people while they are still healthy and without illness. We need to focus on wellness and prevention by making sure people exercise, eat properly, and do the right things. We need to look into the "Four Ps." This means that we need to look into predictive healthcare, preventive healthcare, and personalized medicine and do it in a participatory way.

Everyone needs to know what they are susceptible to based on how they exercise, feed themselves, and, finally, when they need pharmaceuticals, they use the one that is right for them. Everyone has to ensure that they are responsible for their healthcare and recognize that nobody will do it for them. We are trying to improve the pharmaceutical offerings to cope with demand and find ways to reduce the demand, and that is why we have to work a lot more on making sure people have healthier habits.

EF: How do you assess the potential of the Mexican healthcare industry to become an innovation hub on a Latin American level?

HM: Mexico is on its way to becoming an innovation hub. I know the region very well and have worked throughout it. I have headed the region several times for several companies, and I have done consulting for the healthcare environment all throughout the region. Mexico has one thing that is a clear advantage, and that is its geopolitical position. Being so close to the US has its benefits and risks. The benefits outweigh the risks when we think of Mexico as an innovation hub. For example, Jalisco has a hub that is moving in that direction. We are seeing some good things at some of the production sites around Toluca and Leon. We can also look at what is coming in Chihuahua and the north as we get closer to the US.

“ Mexico is on its way to becoming an innovation hub. ”

Yes, we have an advantage in that we have good researchers. We have great schools and universities. Many people from Latin America come to Mexico to study medicine and other healthcare-related programs. We have the right things to make Mexico an innovation hub. We also need to continue investing. Today, we have a legal framework that gives certainty to investors to make things happen in Mexico, and we are constantly seeing a lot of investment coming in from the outside. We have a lot of Asian companies and groups looking to invest in Mexico. Over the last few years, I have been working with many universities, and I have seen a very good group of researchers working all around the country. We are on the right track and should keep investing in that.

EF: How are you leveraging different partnerships for the advancement of innovations in the industry?

HM: We are all working together to try and close the gap. As I mentioned earlier, we have to work on the personnel, physicians, nurses, infrastructure, and access to medical services in order to close that gap. One of the most critical things is that we need to reduce the demand for health services. Closing the demand gap means you have to work with people and their particular habits. That will help us close that demand gap and bring up new offerings. It is basic economics if you want to reduce demand and improve the offerings you have. We work based on what we call "councils." There is one council that is working on habits and another that is working on mental health and wellness. There is a council that is working on the quality that the system is delivering, and that is where we do the hospital's private ranking. There is another council that works on the system and the framework of the system. That is where we make the plans for the future of the healthcare system at the state level. We make the plans for the ministries of health within each state. This is another council that works with new technologies. One of the things we have recently done is write the proposal that is being discussed in the Chamber of Deputies and Senators regarding digital health.

Each of these councils has its own agenda and priorities. We then work from the agendas of each of the councils to make sure that we move things forward and bring their plans to fruition. We do a lot of research and analysis in order to write public policy. We are currently working in the field of genomics. This involves all the regulations governing genomics, although Mexico has no regulations on genomics.

The councils are comprised of people who come from the research arena, the private sector, the government, and public and private institutions. We take all their visions and try to create something that makes sense out of them.

Fernando Lledó Muñoz

Director General
Bupa Mexico



EF: How do you visualize 2023 for Bupa? Do you see it as a challenge or an opportunity?

FL: I see both challenges and opportunities. A challenge can present itself as an opportunity, and Mexico has huge challenges in healthcare in general. More healthcare players in Mexico are needed to generate more health. Only 9.8% of the population has private health insurance, which is insufficient. As an insurance player, Bupa must offer useful products that will be used more and create more health. As we insure more people, the next step is to work on preventive care. Prevention is the best cure in the insurance world, and we must provide new and affordable products and services that are simple and useful. Mexico has great doctors, professionals, and excellent hospitals, but we must work on affordability. The four major stakeholders, hospitals, doctors, patients, and insurers, must simplify things because the system can be very complex unless you pay privately. On the administrative side of things, we must work to improve quality assurance.

EF: What were the greatest lessons learned in managing during the pandemic in Mexico?

FL: The biggest lesson was being flexible and adapting at all levels. Bupa, a big company, successfully faced difficult circumstances and adapted from one day to the next. The lockdown came suddenly and was traumatic, and adapting was not just about working from home; it was about continuing to offer services in a new and different situation. We very quickly came up with "Bupa At Home" to attend to people at home, this was more comfortable for our insured and safer for society not to go to hospitals. Our "Bupa at Home" improved significantly over time, and we also came up with "Bupa at Home Covid," offering all the necessary equipment to provide Covid home care. Bupa has a legacy of adapting to different countries; there are no red lines, and nothing is impossible. With technology and the team, anything can be achieved.

EF: Telemedicine was well received during the pandemic. Do you think the trend will continue? Is it compatible with advancing access?

FL: The pandemic was a sad period of time for the world, but it accelerated digital medicine or telemedicine. Digitalization is a new communication channel between doctor and patient, with the hospital or insurance company in the middle. However, telemedicine does not substitute for a face-to-face appointment; it is an additional, efficient, and immediate communication channel, which adds to the doctor-patient relationship. Approximately 70% of the doctor's appointments can be done via video consultation to give results or instruction, and the remaining 30% must be face-to-face for tests, studies, etc. With the present technological evolution, it is not imperative to phy-

sically go to the doctor for urgent consultations in many specialties –and that is here to stay.

Telemedicine peaked during the pandemic and now appears less popular, but that peak acted as learning for the journey with the physicians. Innovation, when applied, proves what is useful and practical and what is not, and some of it survives.

It is important to focus on digital medicine and what it brings –digitalization is not the goal– it is a great means to improve services and health. In the digital world, the companies that work in health, the patient, and the physician must be on the same page. It will evolve and improve because it is useful, and as new generations emerge, it will become easier.

EF: After acquiring Bité Medica Hospital, are you planning to expand operations and open medical centers in Mexico?

FL: Bupa will expand when it sees opportunities to fill gaps or where we feel we can improve services and health.

“ Bupa wants to develop and grow in Mexico because it has the capacity and experience to do so and because it encourages and animates the market. ”

Competitiveness is a healthy sign in a market, and the lack of it makes for a mediocre environment. We have a very clear model with hospitals and medical centers and have had great success in Spain and Chile, among other countries.

EF: Is there any final message you would like to share?

FL: There is a lot that could be changed regarding health in Mexico; the insurance companies, the private hospitals, and all who work in the health sector are primarily responsible for innovating and putting useful products on the market. I firmly believe in digitalization as a tool to improve the quality of our services. People are concerned about health and money, but money cannot buy good health, making health the most important. We have to make people's lives easier. Mexico is fortunate to have Bupa as it can facilitate health for Mexicans. I am fortunate to work in Bupa, Mexico, where there is much to develop and opportunities for the taking. Mexico is in luck, and I am delighted to be Bupa's leader in the country.

Alejandro Paolini

Managing Director Mexico, Central America & the Caribbean
Siemens Healthineers



EF: How do you see 2023, from your perspective, as a challenge or an opportunity?

AP: 2023 is a year of opportunity, in addition to several challenges we face. I'm optimistic about 2023 because I see a higher demand for healthcare services. This is predominantly due to the pandemic and everything we experienced during that period. People now have a higher level of consciousness about the importance of taking care of their personal health. Healthcare, in general, has become a priority for all families.

There are definitely a number of challenges in Mexico. The main one is the regulatory issues, which have often been a challenge for our industry. We absolutely favor regulation, and our industry is highly regulated worldwide. We would like a more efficient regulatory system that protects our population without creating a barrier to accessing all the latest technologies. We need to ensure that the regulation allows us to have access to all the clinical advantages that new innovations can bring to the population.

Another challenge is the level of investment in the public sector. It is below the sensible level of around 3% of the GDP, which is insufficient for a country like Mexico. We consistently insist on the importance of prevention and commit to investing more money and resources in the cause. Every dollar you spend on prevention means you will save two or three dollars on treatment. Our healthcare system is more oriented toward diagnosis and treatment than prevention.

EF: How has the spin-off of Siemens Healthineers given you the platform to thrive as a company in its own right? What advice would you give to CEOs going through similar transformations?

AP: We set the trend, which was part of the phenomenon occurring in many sectors. At one stage, investors were reluctant to invest in big, diversified conglomerates, which was known as the famous conglomerate discount. Large companies like Siemens started this kind of transformation with a spin-off of different business units. Siemens was one of the first to go in this direction, but it was something that the market was asking for.

We are much stronger than we were seven years ago. This is evident in the market response and when you look at our share price. There is no doubt that our transformation was a success. It gave us more agility, and the speed with which we can now respond to the market's general needs and our specific clients' needs has increased dramatically.

EF: How do you anticipate the digital transformation of hospitals in the future, and how is Siemens contributing to this?

AP: I see the hospitals concentrating more on the activities and services that must be provided. We see increasingly more ambulatory surgical centers oriented to provide all related services. Those are the procedures for which you don't

need to stay at the hospital. Instead, hospitals will focus on other important services that need to be provided by a hospital.

Secondly, they will use more technology, not just telehealth medicine. This is something that is also part of our strategy. This is one of the pillars of our strategy around data, digital, and visual intelligence. We are convinced that this is the main enabler to overcoming the main challenges of health systems worldwide, especially in light of the increasing health costs. Nowadays, the main challenge for all health systems is to be economically sustainable. Digitalization is a big enabler, and the hospital of the future will make great use of all the advantages that technology brings at the moment. It's telehealth medicine and all the advantages you can take from the data, not only in prevention but also in prediction, artificial intelligence, and digitalization.

Thanks to our portfolio, we are in a fantastic position to be the enabler and the trusted partner of all the hospitals in this process. Many aspects of this will become apparent in the future, but I would say that digitalization is a reality that's here to stay.

EF: If you had to start your own company in Mexico's MedTech sector, what would you create and why?

AP: Our system needs somebody who can offer high-quality healthcare services at a reasonable price. Mexico is an uncertain scenario. When discussing healthcare services, you can see well-known hospital chains and high-level hospitals with the best technology comparable to the developed world. This can also be seen at some national institutions. You can find state-of-the-art technology because they are dedicated to research. On the other hand, you have the other extreme. Outside major cities, analog devices are still being used, with really old technology and restricted access. Unfortunately, a large part of our population still doesn't have access to healthcare services of reasonable quality. The market needs to offer daily healthcare services of a reasonable level of quality at a reasonable price. That is what our health system, in general, is lacking. I see really good opportunities in that sector of our market.

EF: If you had to create a road map for the future of the healthcare industry in Mexico, what would your three main pillars be?

AP: I would adopt the three pillars that Siemens has in our strategy.

“ Precision medicine or precision therapy is a pillar for future healthcare systems worldwide. Patient twinning is the second. ”

All around, data, digitalization, and artificial intelligence are the third ones. It's difficult to imagine any other pillars because our strategy influences me.

Chapter 2

The Innovation Supply Chain

Mexico has made significant strides in attracting R&D investment in recent years. The country is well positioned to become a key stakeholder when it comes to the global innovation value chain, acting as a regional point of entry for new technologies, allowing for a spill-over of knowledge and expertise to ripple across the continent.



"We must become innovators," proclaims **Cristobal Thompson**, a long-time advocate of driving innovation in Mexico. **Hector Valle**, Executive President of FUNSALUD, agrees; "Geopolitical position is our key advantage. We also have good researchers, great schools and universities, and a legal framework that gives certainty to investors to make things happen in Mexico."



Swiss Multinational **Roche** is poised to capitalize on this, "I firmly believe Mexico can become an innovation and investigation hub; it has the necessary human and technological resources to achieve it," claims **Andrés Bruzual**, GM of Mexico, who added, "With the right conditions in the country, Roche Mexico is committed to investing a billion pesos by 2025."



Others believe that Mexico brings together the needed combination of factors that enable it to be the point of entry for innovation in the region. **Karla Alcázar**, President and GM of Lilly Latin American operations – which contribute to the country's key participation in the innovation chain through consistent investment in clinical trials for high-disease burden therapeutic areas – claims "Latin America accounts for around 30% of the clinical trial patients worldwide, particularly in diabetes,



Innovation Powerhouse: ICC Takeda Mexico

Born in a post-pandemic world, Takeda's newly inaugurated initiative "Innovation Capabilities Centers (ICC)" has a clear focus: keeping innovation in-house; fostering a worldwide network of specialized centers and serving as a creativity powerhouse when it comes to taking treatments to the next technology-fueled level.



The second center on the pipeline after Bratislava has been established and inaugurated in CDMX, promising to incorporate the country as a strategic player in the innovation supply chain on a global level, a huge boost of confidence in Mexico's pursuit of becoming an innovation powerhouse. Head of the initiative, **Gabriela Baez**, explains why Mexico is ideal, "Mexico is strategic because of its proximity to the United States, as well as its human capital. A large part of the population can speak English relatively fluently, which enables us to become a global center of technological capabilities rather than just a Latin America-focused center. Another aspect is the availability of talent and the rapid pace of adoption of digital skills among the workforce. There is a determination to continuously learn."



Gerardo Vargas, Global ICC Transition Lead, elaborates on the scale of the project, "Digital transformation is changing the pharma industry in Latin America, and we are operating in a key moment of this transition. This is a global center, and we are going to impact the lives of patients around the world."



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we make a significant effort to position Latin America as a hub on a global scale."



UCB's GM, **Omar Lugo**, agrees with the fact that clinical trials are key for developing innovative treatments on a regional level: "With its robust healthcare infrastructure, streamlined regulatory processes, cost-effective research environment, and diverse patient population, *Mexico offers an ideal landscape for conducting cutting-edge trials*. By capitalizing on these advantages, we can foster collaboration leading to breakthrough discoveries and improved patient outcomes".

Neurological biotechnology company **Biogen** also leverages Mexico's talent and infrastructure for important clinical trials, "Mexico is an important country for us in clinical studies; we have the facilities and the tools to continue implementing clinical studies in four therapeutic areas," states **GM Mauricio Guizar**. He confirmed the company's commitment to Mexico by adding, "We treat Mexican patients with innovation based on our clinical studies, strengthening our evidence when requesting regulatory approvals."



Despite a contrast in resources, it is not only large multinational pharmaceutical companies driving the trend, but local companies are also showcasing impressive examples of leveraging local innovation capacities. "We have created a pipeline of innovative products, developed in-house and patented," claims **Guy Savoie, CEO of Carnot**. "Since launching this line, we have had incredible results and an over-performance of our sales expectations. *It is confirmation that innovative, patented products developed in Mexico can be extremely successful and is a platform for growth for the companies participating in this market.*"

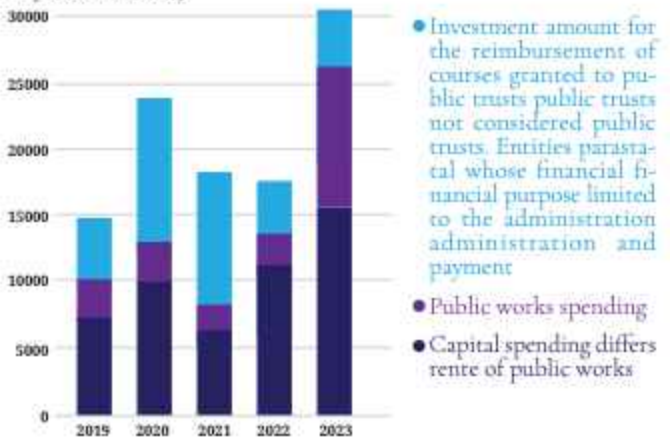


Innovation goes beyond pharmaceutical research and development, as companies, such as Israeli-based generics and API specialists **Teva**, also showcase their capabilities to challenge convention and take a dynamic approach to the market. "An example of how we are changing the traditional go-to-market model is through our collaboration with Farmalisto, an online pharmacy store," claims **Rodrigo Fernández, GM and Head of Latin America**. As he explains, the company is also leveraging the collaborative model to drive access across Mexico's challenging physical geography: "Our online store provides access to doctors and patients in remote areas of Mexico and includes hard-to-find medicines. This works in favor of the traditional go-to-market model that is currently in place."

As he explains, the company is also leveraging the collaborative model to drive access across Mexico's challenging physical geography: "Our online store provides access to doctors and patients in remote areas of Mexico and includes hard-to-find medicines. This works in favor of the traditional go-to-market model that is currently in place."

HIGHEST HEALTH INVESTMENT IN THE LAST DECADE

Functional health budget by type of expenditure, millions of pesos (base 2023)



- Investment amount for the reimbursement of courses granted to public trusts not considered public trusts. Entities parastatal whose financial purpose limited to the administration and payment
- Public works spending
- Capital spending differs rente of public works



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Comprometidos con la salud de los pacientes mexicanos

teva

Guy Savoir

CEO
Carnot



EF: In the post-Covid times, executives must deal with a complex world. How do you visualize 2023; do you see it as a challenge or an opportunity?

GS: It is both. The post-pandemic has brought important political and social challenges, and companies must overcome them by taking certain risks regarding the current government's position within Latin America. Legal and governmental stability and uncertainty also need to be taken into account. *The other side of the coin is that there has been a significant trend in nearshoring industries post-pandemic, particularly in healthcare: in medical devices and pharma.*

“ The United States is the largest health market in the world and generates important opportunities for companies in the region as potential suppliers to that market. ”

EF: According to the Mexican Minister of Economy, nearshoring is an important economic driver. How do you see the nearshoring trend, what will it bring to Mexico, and how will you contribute?

GS: Nearshoring will bring strategic attention and regulatory accompaniment normally necessary for companies entering highly regulated markets such as the United States. There have been two big changes for Mexico:

- I. The interest comes directly from the source –the US. The aligned entities (the FDA, COFEPRIS, USDA, the Secretaria de Economía, and Secretaria de Relaciones Exteriores) prepare the road for Mexican companies to achieve access to the market successfully.
- II. A market change; specific incentives within the Trade Agreement make it easier for Mexican companies to supply health inputs to the US than Asian companies.

EF: Last time we spoke, you were opening new avenues for the company in vaccines and establishing Carnot as a leader in CNS and neuropsychiatrists. How has this progressed and evolved?

GS: *We are delighted with our results in both new therapeutic areas. Regarding vaccines, we have set up and organized the infrastructure through the CanSino partnership to fill and finish the Covid vaccine locally. We have submitted it for approval and hope to receive a positive response whenever the government deems it appropriate. Once this happens, we will be well positioned as one of the few Mexican companies with locally manufactured, domestically consumed vaccines. Our platform will allow us to export vaccines throughout Latin America. We have signed agreements that will soon be made public with an additional vaccine developer to give us access to other products currently supplied only by very few multinational companies. We are happy to bring a locally manufactured vaccine to the market. Our portfolio strengthens as we seek alliances with good vaccine developers and become their regional industrial and commercial arms.*

EF: When we last spoke, you mentioned the need for collaboration and trust between sectors. How can greater cooperation and trust be promoted within the healthcare sector to advance the industry?

GS: We have to capitalize on multiple markets for a significant return on investment in innovative products. *The most efficient way of capitalizing is*

through small bilateral agreements. The agreements between government agencies, particularly health regulatory agencies, are critical for the multilateral approach. The work done in one country can be homologated with another country's approval standards, streamlining the development process for it to be approved in more than one place in a shorter time. Homologating the requirements, standards, and plants to specific world norms, the WHO norms, for instance, can be very helpful. Mexico and everywhere to the South look to this sort of homologation with WHO.

EF: Regarding women's health, is there anything new and exciting in your portfolio for 2023?

GS: Women's health has historically been an underserved market; it has significant unmet needs that are not yet filled. Considering this, we have a drug diagnosis combo development program for endometriosis, an important unmet need in women's health. There is no good way to diagnose endometriosis un-invasively, so we are working on an earlier, more accurate, and less invasive method. The hormonal treatment also tends to be quite aggressive and not optimal for the woman obliged to take it, so we are developing non-hormonal endometriosis targets to give women and physicians a more amenable treatment alternative. Gastroenterology is the other therapeutic area where interesting things are happening. *We are launching KI-CAB, the first potassium-competitive acid blocker for the Latin American market. It will be available in pharmacies all over Latin America in the next couple of months. We expect it to quickly become one of the larger products in the Gastro category and are delighted to bring it to patients and physicians in Latin America.*

EF: If you had to create a startup in the health sector in Mexico tomorrow, what would you generate and why? Where do the opportunities lie?

GS: *I would create a bridge between academia and the industry. I would create the infrastructure that would encourage small startups, the National Institute of Health, the Mexican universities, or the CONAGIT centers to bring forward their great developments early to partner with commercial companies. I am unsure what shape it would take; it could be a CDMO (contract development manufacturing organization), a wet lab, or something along those lines. There is much value currently lost, and this would be a project I would like to do.*

EF: What would be your three base pillars if you had to create a "Road Map to the Future" for the Latin American healthcare industry?

GS: I would first take a step back to lessons learned, take in the Covid experience, and figure out what infrastructure is essential for each country. My main pillar would be to ensure the necessary infrastructure is central, strategic, and protected because basics must be covered -they are not necessarily covered in Latin America. For example, we are just restarting in the vaccine field, which should be the pillar for necessary infrastructure. My second pillar would be international connections (multilateralism), having the appropriate international trade and regulatory links for trade. For Mexico, this would mean continue consolidating what has been happening in Latin America and significantly expanding at a NAFTA level. The third pillar would be innovation for the next twenty years, not for today. *We don't want Mexico to become a contract manufacturer for foreign technology but to have the necessary innovation platforms allowing Mexican innovation to be brought forward. Foreign innovation should be brought into the country, adopted, assimilated, and improved. These three road map pillars would ensure the current requirements and safety are met, take advantage of opportunities and possibilities to expand, and prepare to succeed.*



Gerardo Vargas Gabriela Baez

Global DD&T Innovation Capability Center (ICC) - Transition Lead,
Head of ICC Mexico
Takeda



EF: What attracted you to this new challenge of healthcare innovation in Mexico?

GB: One of the key aspects that drew me to the health industry is the social impact. The healthcare industry is present during important moments in people's lives: when we or someone we care about is undergoing medical treatment, and improving the patient experience in those moments is key. The globality of the industry is also interesting to me; the treatments we produce and the advancements we promote can have a global impact. I wanted to be part of an industry with global repercussions, and I was attracted to the values of this organization and the concept of centering the patient. We are a global initiative; the company has technology as a central aspect of the strategy. *We are developing a network of Innovation Capability Centers that will develop a series of resources that didn't previously exist in the corporation. We plan to continue to grow these digital capabilities within the organization to be adequately prepared in the future.*

GV: I was attracted to the long-term vision of Takeda. There is a clear message from the top of the organization that technology is one of the key pillars for the evolution of the company, and that makes it incredibly attractive to new partners. *The digital transformation is changing the pharma industry in Latin America, and we are operating in a key moment of this transition.*

EF: Why is Mexico such an attractive market to establish an ICC?

GB: Mexico is strategic in large part because of its proximity to the United States. This is followed by two key aspects of human capital. *The first is that there is a large population of people who can speak English relatively fluently, which enables us to become a global center of technological capabilities rather than just a Latin America-focused center. The second aspect of human resources is the availability of talent and the rapid pace of adoption of digital skills among the workforce. There is a determination to continuously learn, even for people at midlevel in their careers.* We have people who come from other industries but who bring their digital capabilities with them; we leverage that knowledge and embed it into our work. From the early days of the decision to create the ICC, we started to reach out to the ecosystem, and it is impressive to see the effort and investment to connect with the ecosystem; everyone is open to finding common points of collaboration, which was not completely true in the past.

GV: The quality of professionals from Mexico has been recognized by a wide variety of actors since the late 90s. From the early days of Takeda, we have had the responsibility of working within many different areas, among these complying with FDA requirements and putting digital infrastructure in place for all of Latin America. This demonstrates the quality of the professionals that we have in Mexico, and that was taken into account when deciding where to put the Latin American ICC. *When we open these centers, one of the important variables is the digital transformation innovation ecosystem, where we connect with different actors, universities, government, and other companies to start promoting conversation and innovation and putting in place different types of programs with each of these actors.*

EF: How does Takeda plan to attract and retain the best of the talent in the field?

GB: The value proposition that we have for the talent that will work for us is very complete. There are three principal initiatives; the first one is to bring the message to the market. Takeda is a well-known brand because of the pharmaceutical trajectory and the innovations in biotech, but when you think about digital, you don't necessarily think of Takeda, so we have to build awareness of the relevance of digital within the organization. This involves bringing an entirely new set of roles into the business, including data engineers and applying digital aspects to marketing, manufacturing, and supply chain. We are bringing more than 250 diverse talents into the organization.

The second thing is approaching academia and universities to let them know about the project, not only for their recent graduates but for their alumni network. *The third pillar to be an attractive proposition is that we are building a center entirely dedicated to innovation, designing thinking spaces and digital projection spaces, and inviting people from the ecosystem to talk to us and collaborate with us. We want the people who work with us to be very proud and position the organization to have as good of a reputation in digital as it has in pharma. We will invest in the constant education, learning, and training of all of our partners.*

EF: In 10 years, how do you want this initiative to impact the people around you and the city and region in which you are embedded?

GB: The project is right at the intersection of transformation capabilities and talent. It is an important opportunity to showcase Mexican talent to the world because we are creating a center in Mexico, but it is a global center. I would like to be remembered as a person who helped to steer the creation of a center that put 250 people's talent in the world and gave them the opportunity to develop the amazing projects that Takeda has to impact countries. It is an amazing opportunity to have 250 new people working on numerous digital projects that contribute to the mission of Takeda of developing better health and brighter futures across the world. Another key point of development is our diversity and inclusion initiatives, and our company is walking the talk. I have the great fortune of leading the ICC as a woman, but I'm not the only one. The head of our manufacturing area is also a woman. A large percentage of the commercial and pharmaceutical areas are also women. We are leading diversity, and we will continue that trajectory in the onboarding of new staff at the ICC.

GV: Sometimes, in the pharmaceutical industry, it is difficult to see the immediate outcome of your work. When you see how your work is impacting the lives of the patients, it changes your perspective. The pharmaceutical industry has invested a lot in rare diseases, which is the piece that is truly helping to find cures and how you can see the impact of our work in society. It's easier now than it was 15 years ago to see how your work is impacting the patients, and I see how these technologies are helping to improve the quality of life.

Bringing new positions to the country is also a priority for me as I look at how I want to leave my mark. At a certain point in your career, you start to look at how you can give back to your country, and this is an incredible opportunity to do that. *This is a global center, and we are going to impact the lives of patients around the world. The issue of diversity, equity, and inclusion is top of mind, and in the pharma industry especially, we are investing a lot. Diversity is a reality in Takeda, Mexico, and the ICC. We are working with an association of girls in tech that helps women develop their careers in tech, and that is the key for me.*

EF: Do you have any final message for our readers?

GV: It doesn't matter what industry you are a part of; collaboration across sectors has to be a part of the executive vision. Creating the environment and the value proposition is key for future generations. Even the design of our workspace is based on our long-term thinking about how future generations will work. It requires a long-term vision and needs to be a part of the executive agenda; it involves change management and has been part of our strategic vision for years. Everyone in the company is part of this journey.

G: The ethical side of the new technologies is also key. Data and analytics are the precursors to AI, and we think deeply about the ethical implications of how we capture, store, cleanse, utilize, and apply data. All of the other aspects are controlled by this ethical component first.

Andrés Bruzual

General Manager Mexico
Roche



EF: What does 2023 have in store for Roche in Mexico? Do you see this year as an opportunity or a challenge?

AB: Regarding opportunities, we are constantly transforming our portfolio and entering new therapeutic areas, such as ophthalmology and low-prevalence or rare diseases (Spinal Muscular Atrophy, Neuromyelitis Optica, Hemophilia, among others), which is new territory for us. Historically, Roche is a company that specializes in cancer and rheumatoid arthritis. Still, we are in a constant search to meet the unmet needs of patients, and that has led us to work on rare and neurodegenerative diseases. The organization's global revenue used to be made up of three products; today, we have fourteen. And that's excellent news for patients, but it makes the business managing situation more complex. The economic and fiscal indicators for the year look good, and inflation has started to decrease, so I don't see great challenges in the economic sphere. The biggest challenges for 2023 continue to be access (In 2020, 35.7 million people reported a lack of access to health) and working alongside public and private stakeholders for the inclusion of therapies that impact health outcomes that matter most to the patients.

EF: Roche works on bringing innovation to the region for the highest possible number of patients providing growth opportunities to the country. How do you assess access to innovation in Mexico?

AB: Roche's strategy in Mexico and other regions is to bring value in three ways. We call it "Triple Win."

- I. Value for patients: Improvements in patient health outcomes and more patients benefiting from innovative diagnostics and medicines
- II. Value for the Health System: Increase in system capabilities through partnerships to co-create solutions with the public and private sectors.
- III. Value for Roche: Creating solutions that allow us to continue investing in R&D (research and development) and new technologies.

Access has different definitions and interpretations; my definition of access is when the patient has access to the proper medication at the right time. The access chain in Mexico allows that once COFEPRIS approves the product, it is immediately available on the market, but for the products to enter the public health market, they must go through a specific process, which poses different challenges to access.

Due to the fragmentation, there needs to be more uniformity in how the patients receive the drugs and services, and each institution has a different list of products. The access processes in Mexico have improved in approvals and access times, but the system still needs distribution and infrastructure.

EF: To what do you attribute the improved access? Do you mean the system has improved, Roche has better-tailored strategies, or are your products well-received by doctors?

AB: All of the above. There has been improvement in the approval times in the different access stages, and the approved products have significantly impacted patients' lives. Roche's philosophy is based on innovation and development and brings products and solutions to close gaps and also in unmet medical needs. On the other hand, we always seek to collaborate with the government authorities. We have done some interesting experiments with the national government

and in some states to find ways of helping and strengthening the Mexican health system. We have common objectives: people's health (since primary care) and the scientific and technological strengthening of Mexico. These three factors have contributed to improved access in Mexico. There is still much to be done, but things have advanced over the last decade.

EF: Mexico is strategically important to Roche from an access perspective fuelled by clinical research. Could you elaborate on your clinical research footprint and the spillover it offers?

AB: I firmly believe Mexico can become an innovation and investigation hub; it has the necessary human and technological resources to achieve it. Argentina is an incredible development example, and Mexico can go down the same road. To be more competitive, the time for approvals has improved, but we still need to work together to improve the approval process, and we have seen openness to discuss issues and possible solutions. About six months ago, the average approval time for a clinical trial could take up to 200 days, and we can't compete with Argentina, Brazil, or even less with the US, who have long recognized how important the timely generation of quality clinical trial data is to approving new medicines. Argentina and Brazil have promulgated or modified the regulation to encourage research development through clinical trials.

EF: What is your pitch to headquarters to attract resources to the Mexican market?

AB: It makes a difference when we deliver on what we promise. If we want more patients, investment, and research, we must convince the HQ that the conditions are right to bring investment to Mexico, and that includes macroeconomic stability and regulatory certainty. Investments have, year after year, increased in the country, and we need the reassurance that the health systems will keep evolving and improving. Mexico has about 130 million inhabitants, of which nearly 30% don't have access to health. Judging solely from the Mexican population, we can agree that the size of the pharmaceutical market should be bigger, but still...

“ The huge growth opportunities for the future are obvious. ”

EF: Could you share your possible thoughts when, in three years, you will have been in Roche, Mexico, for 15 years?

AB: I would like to be remembered for the company's contribution to the health system and the patients. I would also like to be recognized for my work ethic; I am passionate about developing people within the company and seeing them grow. Much has happened over these last 12 years I have worked in Roche, Mexico, but people don't remember numbers and gains but achievements on a human level. My contribution to Roche and the growth of my people as a result of my leadership matters to me.



Karla Alcázar

President and General Manager Latin America
Lilly



EF: From your perspective, how do you see 2023 as a challenge or an opportunity?

KA: Mexico is poised to offer significant opportunities in 2023, given its vital role in the Latin American (LATAM) region and the global economy.

Our prospects in Mexico are bright, although the extent of this brightness depends on the collective efforts of my team and me. For Lilly, a company in Mexico for over a century, this year is particularly exciting, as many ventures are on the horizon. We plan to launch two to three new products annually, driving accelerated growth.

EF: What mission did you set for yourself when you were appointed General Manager of Latin America, and what do you want to achieve in this position?

KA: *As a Mexican in Mexico, I consider it a great privilege to undertake the mission of enhancing access to innovation, elevating the quality of life for LATAM patients, and cultivating the next generation of leaders within our organization. The invaluable guidance provided by previous leaders has been instrumental in shaping my career. Now, I aim to reciprocate by ensuring a sustainable future for our company and preserving our reputation as the premier organization for professional growth.*

EF: Do you think Mexico has everything to become an innovation hub, or is it already an innovation hub?

KA: Mexico serves as an innovation hub with all the necessary tools. Nevertheless, we must continue to strive for progress. As a business hub, Mexico has a proven track record of serving many patients over the years. One of Mexico's strongest environments within the region is its robust intellectual property protection. However, the challenge is maintaining this momentum by accelerating regulatory approvals and access times. *At Lilly, we remain committed to partnering with governments, patient advocacy groups, patients, and other stakeholders to sustain innovation and drive progress in Mexico and the wider industry. We are committed to collaborating with other stakeholders to facilitate advancement.*

EF: How do you assess access in Mexico and other Latin American countries, and how is Lilly driving access in Mexico and beyond?

KA: Our commitment to ensuring access to our treatments is unwavering, although it varies across regions. Access may be attained either through the government or directly by the patient, and we strive to make our therapies accessible and affordable to all through dedicated patient support programs. Our pledge to broaden Lilly's impact is steadfast, and we collaborate closely with all stakeholders to achieve this goal.

The Lilly 30x30 initiative underscores our ambition to improve healthcare for 30 million individuals by 2030 through tailored programs for low-income patients. *Our aspiration as a company is to serve 50 million patients while enhancing the lives of another 30 million individuals through diverse partnerships. In Mexico, we have focused on partnering with clinics that cater to pregnant women with diabetes, thereby improving infant outcomes holistically.*

EF: What advice would you give to other women who want to thrive in the healthcare industry in Latin America?

KA: Finding a company that champions diversity, inclusion, and equity, such as Lilly, is key to success. These values are fundamental to our business and critical to reflecting the diversity of our patients. *Our patients come from varied genders, cultures, languages, and ethnicities, and we believe that a commitment to diversity, inclusion, and equity has a profoundly positive impact on our enterprise.*

My first advice is to seek out such companies to thrive in the workplace. Second, focus on what you want to achieve and seek the advice of individuals who have successfully balanced work and life. Mentorship can be invaluable, so strive to find a mentor who can guide you. Don't limit yourself without first consulting women who have paved the way. *Finally, create a robust support system for work and personal life, and enjoy the journey.* Having a good support network enables you to excel in any situation.

EF: In ten years, looking back at this moment in your career, how would you like to be remembered as a leader by those around you?

KA: *As I look ahead at the next ten years, I have three main goals. Firstly, I aim to be recognized as a leader who has nurtured and developed the next generation of leaders. Secondly, I am passionate about making a real impact on the health of Latin Americans. This could be achieved by improving access to innovations, increasing the population that can benefit from these advancements, and influencing policy or the environment. Finally, I aspire to be known as an innovator paving the way for a brighter future, delivering groundbreaking launches that exceed expectations. With innovation and talent at our disposal, our future is bright; how bright it is depends on us.* The future lies in our hands.

EF: If you had to pick three pillars to create a roadmap for Mexico, what would they be and why?

KA: *Our focus is on three key areas: digital transformation, talent development for the healthcare industry, and continuous innovation through sustained research and development.* We strive to bring about innovative changes in treatment and go beyond the introduction of new molecules, which sets us apart from others in the industry.

EF: Is there anything about Lilly you would like to showcase, or do you have any final message?

KA: We are dedicated to improving access to innovative healthcare solutions, and we reaffirm our commitment to this objective by working collaboratively with various entities, including governments, patient groups, and other stakeholders. We recognize that achieving this goal entails a collective effort from all parties involved, and we remain steadfast in our resolve to contribute to this endeavor. *Additionally, we pledge to develop cutting-edge therapies that enhance patients' quality of life globally.*

“ With a rich legacy spanning over 150 years, Lilly has consistently revolutionized the approach to treating numerous ailments and will continue to do so for decades. ”

Omar Lugo Aguirre

Country Manager Mexico
UCB



EF: The last time we spoke in March 2020, you were recently appointed, and your first assignment was to keep the existing operation going and build a team to ensure continuity and growth. How do you assess your progress, and has your mission evolved?

OLA: The pandemic shifted everything. We discovered a whole new set of features that we never thought we would be capable of finding. Face-to-face interaction with stakeholders was the basis of our interactions, and at the moment, it was no longer possible to perform them from one day to another. The pandemic accelerated the digital transformation in the pharma industry by five years. *We are now where we planned to be in 2027, which brings pros and cons. Enforced by circumstances, today, although we have many tools, we need to invest time for people to evolve. Additional complexity brought challenging times for us, our team members, and the entire organization.*

We created several wellness programs, for instance, UCB Care for employees, offering live streaming sessions of home exercise programs, which help to counteract pressure, isolation, and fear that we knew our people were facing at the moment. Our priority was to keep the team together and safe. At the moment, isolation and uncertainty made it very hard times for everyone. As a company, we never stopped working during the pandemic, using four pillars to continue:

- I. *To ensure continuity of supply to patients, making sure the operations kept going.*
- II. *The well-being of our colleagues.*
- III. *To contribute and collaborate with the authorities.*
- IV. *To keep the economy going by supporting partners, customers, and team members.*

Despite the pandemic, UCB kept planning for the future. In this sense, we acquired Zogenix in 2021, and after such integration, we have launched abroad one of its legacy assets' products for Dravet Syndrome. It is an exciting time; the pandemic accelerated digital business transformation, the company pipeline, and our ambition to expand our footprint in rare diseases.

EF: How do you assess post-pandemic cooperation? How do you collaborate with different stakeholders in the sector or beyond, and what are you achieving?

OLA: *Collaboration is crucial to understanding the government's many initiatives. We will continue to explore several ways to interact and build bridges in order to achieve collaboration with the government. Collaboration is key among all stakeholders; on the one hand, collaboration with the government and, on the other hand, increasing partnerships with other sectors as well.*

EF: You raise awareness and advance the industry through collaboration, but UCB's innovation comes from Belgium. Is it possible for Mexico to become an innovation hub at a Latin American level?

OLA: Yes, I do, but certain requirements are necessary to be fulfilled. In the era of biologics, UCB has three strategic research centers (Belgium, U.K. & U.S.), three research satellites, four manufacturing sites, and seven development sites. These are spread globally - across six countries and employ over 1,700 researchers.

Diversification of clinical trials is critical, and UCB is working to increase the representation and inclusion of underrepresented patient populations through digital and data-driven approaches as well as connecting directly to patient communities. Mexico is primed to become a prominent hub for innovation in clinical studies. With its robust healthcare infrastructure, streamlined regulatory processes, cost-effective research environment, and diverse patient population, Mexico offers an ideal landscape for conducting cutting-edge trials. By capitalizing on these advantages, we can foster collaboration between academia, industry, and healthcare providers, leading to breakthrough discoveries and improved patient outcomes.

“ Together, let us seize this opportunity to drive innovation and transform the landscape of healthcare in Mexico and beyond. ”

EF: What would be your three base pillars if you had to create a “Road Map to the Future” for the healthcare industry?

OLA: **Technology** must be a pillar; it has evolved enormously in recent years, and it will continue to develop further. Interconnection between wearables will progress in the future, and all the data collected from wearable devices will help the healthcare system in prevention, compliance, and medication follow-up.

My second pillar would be **people**. New generations must unlearn what they have learned in the past to adopt new concepts and ideas. At the Hasso-Plattner Institute in Germany, a professor in a lecture mentioned that: “The speed of change will never be as slow as today.” This reflects how we see speed because everything is accelerated; today, we will surely be slower than tomorrow.

My third pillar is **data** as a key strategic asset that enables us to achieve our patient value ambitions. Our objective is to establish a data-centric culture where data is the responsibility of each one of us through informed decision-making and amplifying value creation through empowerment, collaboration, and sharing throughout the company.

EF: Is there any final message you would like to share?

OLA: *Healthcare is evolving by becoming more and more relevant. UCB started as a pharma company, and then it has moved to a higher level of healthcare; I foresee that we will be in the well-being field - a far wider work area - in the future. We used to focus on treatments and physical symptoms, but now we must include many psychological diseases; well-being covers both departments, and integrated care is necessary. My team is looking for hyper-personalization in reason that the future will be all about personalized care. I see that several stakeholders will interact in a person's ecosystem under the same data roof; this last point is the most important. Medicines are one component of well-being; healthcare will evolve to well-being in a more holistic approach.*

Healthcare is changing because patients desire this change. The trend is clear: People are now looking at health holistically, transitioning from simply seeking treatment to playing an active role by staying healthy and in a proactive approach.

Rodrigo Fernández

Head of Latin America
Teva



EF: We call 2020 the year of diagnostics and prevention, 2021 the year of vaccines, and 2022 the year of getting patients back to care. What do you expect from 2023?

RF: 2022 saw huge highs and lows across the private and public sectors. When the pandemic first hit, there was a significant decrease in patient visits that dramatically rose again in 2022. The public sector needed to prepare for this sudden influx, which is why regularization and normalization of services happened last year. We are now looking to solidify and make these trends more stable in 2023.

EF: 2021 was a turning point for Teva Mexico. How do you assess your progress, and what does 2023 have in store for Teva?

RF: 2023 is a year of accelerated growth for our business. Over the last two years, we've doubled our market presence, becoming one of Mexico's three largest market powerhouses. Thanks to our cutting-edge products and portfolio, we can now gain entry to new business opportunities, public and private tenders, and new market segments.

We have six products lined up for release this year and have plans to reintroduce a portfolio launched by one of our alliance partners. We are growing our capabilities in R&D generics and manufacturing, improving the supply chain, and broadening our product channels for optimal patient access. We look forward to multiplying our growth and presence in the market, broadening our capabilities, bringing a broader scope of products to the market, and amplifying our product distribution. We look forward to partnering with pharmacy chains and local and independent pharmacies.

EF: What are the advantages of having a local production footprint in Mexico, and what needs to be done to enhance the country's production capacity further?

RF: It is advantageous to have our manufacturing plant in the country because of the flexibility. Deliveries are faster, more time-efficient, and more cost-effective than importing.

Teva API plant in Toluca mostly manufactures for US customers and TEVA. We aim to expand our reach, giving us direct access to more APIs. Our external customers from Mexico and other places benefit from our local production. Globally, we are expanding our scope, working on an integrated strategy for our business that covers API production, research and development, commercial operations, and clinical research.

Teva has a deep presence in Latin America and plays a major role in the market, being in leading positions in multiple nations like Chile, Peru, and Argentina. Our integrated production sites give us better access to local patients and people outside the region. *The Latin American industry has grown from local production to a more comprehensive model, providing patients with better access to care.*

EF: How is Teva boosting the innovation footprint within Latin America, and how are you innovating beyond pharmaceutical production?

RF: At Teva, there are three aspects of our company we take pride in our portfolio, healthcare views, and customer-centricity. We come from a highly innovative sector, which was highlighted during the pandemic. Our inno-

vative portfolio is developed in Europe, Israel, and the USA. However, our Executive Management encourages globalizing innovation.

Teva's main goal is to strengthen our go-to-market model worldwide. We have historically taken a more traditional and conservative approach to how we promote our products. Visits to doctors, hospitals, and pharmacies remain the backbone of our business.

“ We spur innovation by connecting with partners and key stakeholders to construct novel treatment proposals for many diseases. ”

EF: What is Teva's approach toward AI, and what do you think can be achieved through the increased implementation of AI and Technology?

RF: Technology evolves quickly, but adaptation can take a lot of work and time. In a regulated market, we must pace ourselves. There are many examples of how technology works in favor of all stakeholders and patients. In our current project and collaboration with the Israeli Institute, we map where most patients with a certain condition are located through data. *Teva Europe is already leading in go-to-market technology for markets that are difficult to access. By increasing our technological innovation, we can accomplish even more.*

EF: If you had to personally create a new start-up company in Mexico's healthcare sector, what would you make and why?

RF: I would concentrate on ways to facilitate easier entrance into medical care. Utilizing the most suitable device, service, and distribution can significantly impact patients' experience within the healthcare system. For instance, Mexico might benefit from faster introduction and adoption of telemedicine.

The current healthcare platform in Mexico is not being used to its full potential, making many individuals hesitant to approach it, regardless of whether they're seeking care in public or private hospitals. To alter patients' outlooks, all parties involved must work together towards a shared goal. *There is much room for progress, and we can bring people closer to the medical system by granting accessibility.*

The greatest innovation in the last 15 years in Mexico in access to healthcare, from my point of view, has been the introduction of physicians next to pharmacies, which increased patient access tremendously. We can do so much more with the technology we have today and continue to provide routes of access to medical care.

EF: When you look back to this point of your career, what would you like to be remembered for?

RF: I constantly consider my influence alongside my team in increasing access in Latin America. That is the legacy I strive for. Only about 30% of people in Latin America have access to suitable medical care and the treatment they need, so our aim and ambition is to extend access throughout the LATAM region. *If I can make a difference, that is how I wish to be remembered.*

Jesús Hernández

CEO
WeeCompany



EF: What was the inspiration for founding WeeCompany? What opportunity did you identify in the market?

JH: My first job was working at a traditional healthcare insurance company that involved a lot of paperwork and boxes, and it was there that I began seeing a need for a different way of doing things. There needed to be more efficiency, and many mistakes were made. I first talked to the CEO of that company about creating an ecosystem that people could access through their cellphones and the internet, and he responded, "No way, it is not going to happen. People are only going to use their cellphones only for calls." That was around 2004.

After that, I collaborated in the launching of a tech company, and we started to build and sell Electronic Medical Record systems. We saw many inefficiencies for the doctors because they needed EMR software, there were no electronic billing systems for hospitals, and these providers were not connected with pharmacies and laboratories. Detecting that need, we focused that company on providing service to six countries in Latin America. I learned about the differences between regulations, operational models, and costs between the countries in the region. I realized that we were in the Stone Age in many ways. I realized that we needed to move forward to make the leap to be at the front of the Latin American economy regarding healthcare.

I decided to move out to found WeeCompany and create a new platform. *Since then, we have created a lot of technology, software for physicians, hospitals, and insurance companies. We created our platform that connects diverse health sector actors. Traditional health insurance companies can operate with 15 to 30 different systems. Therefore, WeeCompany was created to develop a product to link everything existing.*

Our first customer was a major health insurance company in Mexico. We deployed a platform that works like an auction, and it was a success. The insurance company reduces its costs by 8-12% in prescriptions, a lot of money in terms of the ratios in the industry. *We added more customers, and today, we are moving more than 250 million dollars of medical services across our platform. We are the first real ecosystem that helps physicians, labs, and hospitals to interact with insurance companies.*

EF: Do you see 2023 as a challenge or as an opportunity?

JH: I see it as both at the same time. Mexicans are spending more out of pocket than before. Because of that, the opportunities for the private sector are huge.

However, the major challenge is that much of the private sector needs to be connected and aligned. There are no policies to govern the exchange of medical records. There are very few government regulations. *Because of that situation, two years ago, aligned with other companies, we founded the "Asociación HealthTech México" (Mexican Healthtech Association), with more than 100 companies working together to adopt international standards. We have two main goals that we created together. The first is regarding prescriptions, eliminating paper prescriptions, and allowing for contact with pharmacies like in the United States or Canada. The second goal we have proposed to some key congressmen is to pass a new regulation for telehealth services.*

EF: You have a very innovative concept and platform. How did you translate this into market disruption? How did you pitch this to companies to get into the market?

JH: You have to be very intuitive and see things that people aren't usually able to see. We saw a lot of opportunities and capitalized on them. We say there is organized chaos in Mexico—many people are waiting in lines at the pharmacy for their appointments and at the hospital. If you are not Latin American, you probably cannot understand what we are talking about, but we commonly have this disorganization in our countries. There may be a lot of chaos, but if we combine the pieces, we can build a real business. You have to be Latin American to understand how our disorder mentality works.

EF: When giving this technology to people, how do you rate the adoption? Are people afraid of this technology, or are they willing to adopt it?

JH: Like any other technology, there is a ramp-up period in the beginning. You begin with a lot of disappointment, and with time, you start to have more adoption. We are at the point where we are beginning to reach a critical mass. *We now have physicians, laboratories, hospitals, and more than 8,000 points of service at pharmacy chains integrating our product into their work.* It was tough at the beginning. People said it would not work, but that is a normal part of adopting any technology. Now, physicians cannot work anymore without our technology because they do not receive their payments at the end of the appointment; pharmacies do not want to go back to paper because we are enabling e-commerce in that sector. The insurance companies that work with us have streamlined their workforce to probably 50% of its original size because the platform allows for better communication with physicians and hospitals. *The adoption is similar to what you see with any other technology. Initially, it looks like a scam or might seem like a bad idea, but as a company, you must be resilient to people closing the door on you. Eventually, it hits an uptake equilibrium to make it sustainable and prosperous. The key is to understand and survive all the difficulties of the ramp-up.*

EF: Do you think that Mexico has the right resources to become an innovation hub at the Latin American level?

JH: *We are the second largest country in Latin America in terms of population. We have a lot of good engineers and a lot of natural resources in the country, and we have geographic proximity to the United States, which is a world leader in these topics.* We have a cheaper workforce than the US, so many big technology companies from the US are looking for talent from Latin America and Mexico specifically. Our geographic position facilitates travel to the US, which is a positive for these companies compared to other Latin American countries. *These characteristics lend themselves to Mexico becoming a hub of innovation. That is the big draw of the United States to do business with our companies.*

EF: What advice would you give to other aspiring entrepreneurs who want to impact healthcare through innovation? What will they have to go through?

JH: *You will never be successful if you do not take many risks. It is widespread to meet opposition. You have to have your dream, but you also have to receive feedback from the environment. I am on the board of some startup companies, and I see many entrepreneurs who are excited about their ideas but need to realize that they will not work in the environment. You have to be very insightful, but at the same time, you have to be very open to receiving feedback from the context around you.* Initially, we may have started with a bad idea, but we refined it for several years before we came to our current product. You have to be very resilient to wait for your chance. You must collaborate and reach compromises to achieve your vision and purpose. The most important thing is to create a great team of people who are aligned with the purpose of the mission and vision.

EF: As the president of the Association of Healthtech in Mexico, how are you leveraging common spaces to advance the industry, specifically in an area like this one?

JH: If you want to make big things, you must collaborate. That is the reason that we founded the association HealthTech. I realized that we cannot do it alone. We have to join forces to encourage the industry to move forward to talk about things like telehealth appointments, prescriptions, and electronic medical records. If you want to make something big, you must move forward with other great leaders.

EF: Is there anything else that you would like to share with our readers?

JH: Things happen, like Hemingway wrote, "gradually, then suddenly." *Things may feel slow at the beginning, but then there is a disruption that happens quickly. We must take chances, see the opportunities, and take risks.*

Chapter 3

Breaking the Silence: Mental Health

Breaking the Silence: Mexico's Battle for Mental Health Awareness



Mexico faces a growing and often overlooked issue: mental health, aka the silent pandemic. With only 20% of those with a condition receiving professional care, the impact on mental well-being has become increasingly significant, especially in the health-conscious post-pandemic era.



"People do not see mental health as something they need to work on proactively, they react to it," declares **Andrea Campos, Founder and CEO of Yana**, a mental health app she developed following her personal battle with depression and taking over a decade to find an adequate treatment: "The 14 years it took me to get help is the average time in this country." This reflects one of the most significant gaps the Mexican healthcare industry fights to close: access to specialized professionals in the sector.



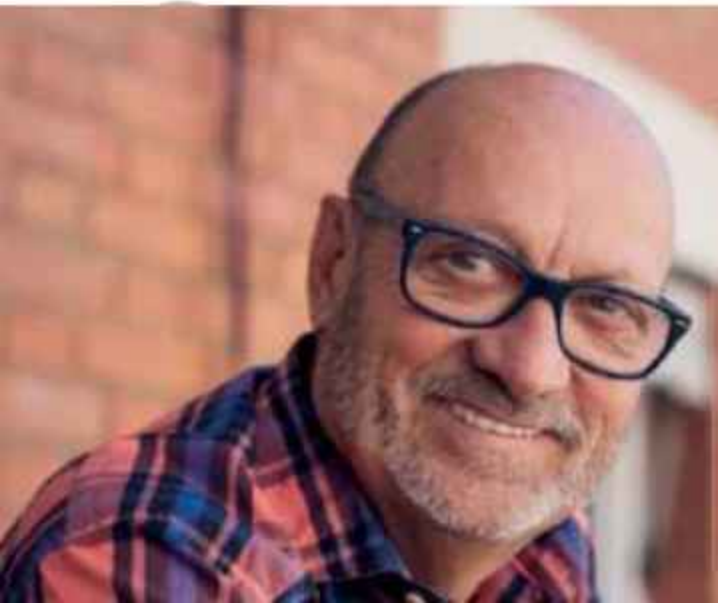
"In a country of 130 million people, we have the same number of psychiatrists as Spain, which has a population of around 50 million," says **Sara Montero of Lundbeck**, a Danish pharmaceutical company specializing in brain diseases. This gains even more relevance as *"The sheer burden of mental health following the Covid-19 pandemic has increased,* and there is a higher incidence of anxiety disorders, people have been isolated, and rates of depression have increased."

"There is a lot of work to be done," agrees **Héctor Valle Mesto**, Executive President of FUNSALUD, who, despite the adversities of recent years, believes there are some positives to take, "The pandemic helped us open that door, making it easy to talk about depression and other mental health issues."



Lundbeck is also leading the fight to destigmatize the issue, "To tackle this, the company has several key initiatives, each June, we host a seminar where we train local journalists to write about and explain mental illness in their articles. We do not use the language of "problems." We talk about mental illnesses."

Mexico's mental health challenges are gaining recognition and demanding urgent attention. Amidst the adversity, there are glimmers of hope. By prioritizing mental health and destigmatizing mental illnesses, Mexico can pave the way for a more supportive and inclusive society.



Lundbeck is a global pharmaceutical company specialized in brain diseases. For more than 70 years, we have been at the forefront of neuroscience research and today our products are available in more than 100 countries.



We are tirelessly dedicated to restoring brain health, so every person can be their best

Psicofarma – Fighting the Stigma

Generally, companies are created by business people, but in the case of Psicofarma, physicians came up with the idea of offering a service to patients in a world where mental health was deeply stigmatized. This is the company's very origin, and with that aim, it's been embedded within the Mexican market for almost 70 years.

Acknowledging that combating stigma is indispensable, **Psicofarma's MD, Astrea Ocampo** admits there is a long journey ahead and highlights the difference in societal opinion between physical diseases, *"Patients are not stigmatized for having pain or diabetes, but mental health has been stigmatized throughout history."* In light of this, the organization has created a website in collaboration with the National Institute of Psychiatry, which acts as "an ecosystem where people can go if they think they might have a mental condition and to understand what steps to follow. Our site's goal is to destigmatize mental diseases."



En **1974** se creó una empresa dedicada íntegramente a la salud mental.

Casi 50 años después, seguimos incrementando las opciones terapéuticas para tratar las enfermedades del sistema nervioso central. Producimos con los más altos estándares de calidad y dada nuestra política de inversión hemos apostado por incrementar nuestra capacidad de manufactura siempre con la tecnología más avanzada. Nuestro equipo se conforma con personas comprometidas y en constante capacitación, con lo que logramos una sinergia entre recursos humanos, infraestructura e investigación en pro de los pacientes.



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200
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que supera las expectativas

Nuestra motivación diaria son los millones de pacientes que día a día mejoran su calidad de vida.

Sara Montero

Managing Director Mexico, Central America and Andean Countries
Lundbeck



EF: From your perspective and Lundbeck's, do you see 2023 as a challenge or an opportunity?

SM: I see 2023 as an opportunity for sure. Mexico is a huge country with a huge population, and we have an opportunity at the institutional and retail levels. Every year the pressure on generic drugs increases, but there are still people who want an innovative brand with secure data systems, more safety assurances, and products that can guarantee a cure. So, I see it as an opportunity for us to continue growing in this market.

EF: What is the strategic significance of Mexico, Central America, and Andean countries market for Lundbeck, and how do you attract resources and explain the strategic significance of this market?

SM: Lundbeck is one of the unique content pharmaceutical companies worldwide exclusively dedicated to R&D, launching innovative drugs for brain diseases with the objective of covering the needs of patients who have depression, schizophrenia, bipolar disorder, Alzheimer's, Parkinson's, migraine, etc. And mental health is becoming more important every year: there is a higher incidence of anxiety disorders, people have been isolated, and rates of depression have increased. *In Mexico, it is estimated that the prevalence of such conditions multiplied seven-fold following the pandemic, so the disease burden is clear. For people to lead healthy and productive lives, good mental health is necessary. In Mexico, suicides continue with a significant increase (7% per year during the last few years).*

At Lundbeck, we are fully committed to recovering the full health of the brain through our commitment and consistent investment in R&D. Seventy percent of the company is owned by the Lundbeck Foundation. Every year since 2011, we have been awarded what we call the "Brain Prize," which is the first award in R&D related to the brain, for 1,3 million Euros to support and promote research on pathologies related to the brain.

EF: How would you assess access in Mexico?

SM: Here, in a country of 130 million people, we have the same number of psychiatrists as Spain, which has a population of approximately 50 million. We have approximately five thousand Psychiatrists to cover the entire population. Another challenge is that Psychiatrists, in general, are concentrated in large metropolitan areas, so there is a big gap in care outside of the major cities. Many people in other areas of the country are being treated by General Practitioners; it is positive to know that they have access to this general level of care, but...

“...we must do more to ensure the availability of mental health specialists outside of big cities.”

EF: How do you assess the availability of resources in Mexico to tackle mental health issues, given the increased health awareness but lack of investment in health?

SM: Mental health drugs are one of the most significant shortages in the market, along with oncological drugs. In other countries, governments have increased their investment in mental health since the pandemic. Unfortunately, the same cannot be said about Mexico. The government should invest more in mental health and in innovative products that have fewer side effects and better efficacy. For example, in depression, they address not only mood but also physical and functional symptoms and are a much more holistic approach. There is significant room for improvement in the investment in mental health. Awareness has increased, but Mexico is one of the countries with the highest stigma around mental health; culturally, it is much more difficult for men to be open about mental health issues.

EF: In our previous interview, you said, “When we communicate, we can subconsciously criminalize or create more stigma against mental health.” What is Lundbeck doing to tackle this stigma?

SM: We have several initiatives to create awareness and combat stigma because supporting our employees and society is important. For example, each June, we host a seminar for journalists, where we train local journalists to write about and explain mental illness in their articles. Several years ago in Europe, there was a plane crash, and all the headlines used the term “a schizophrenic man” to describe the person responsible for the death of many passengers; such phrasing stigmatizes this group of people even more. To help combat this tendency in the media, we bring in physicians to talk about diseases, and we also bring in patient associations to explain how they feel and how they manage their mental health challenges. We do not use the language of “problems.” We talk about mental illnesses.

EF: Do you have a final message for our readers?

SM: We have a responsibility to talk about mental health, to train the people around us, to not criminalize, to not stigmatize the people around us, because mental health is part of health. It is important that people can be more aware. It is important that people can talk about these topics with those around them. When you talk with people who have suffered from mental health diseases, you understand the importance of these diseases. It has a huge impact on the economy of countries. Those who suffer often cannot attend work. *We must consider the impact on society and families, as well as the economic impact on the GDP of countries. If young people are more aware, it is a good platform to drive the importance of this work together.*



Andrea Campos

CEO and Founder
Yana



EF: In 2023, there will be a complicated political and economic scenario and a surge of artificial intelligence technology. Do you see this year as a challenge or as an opportunity?

AC: *It is both a challenge and an opportunity. It's a challenge because the mental health industry requires a delicate approach, and the AI field still holds many unknowns and a lot of variables. Unlike some other industries, even a minor misstep on our part could have serious consequences. Therefore, our foremost challenge is ensuring an experience that prioritizes safety and well-being.*

At the same time, this year presents a significant opportunity for us. AI empowers us to offer an experience that might have seemed unattainable otherwise. Through AI, we can provide personalized conversations that we once thought were years away from becoming a reality. One distinct advantage we possess over our competitors is the years of experience we've accumulated. Yana was launched in 2020, and to date, we've accumulated over 13 million registered users who have participated in over 2 billion conversations. This wealth of data has enabled us to train our models in ways that newer companies may struggle to achieve.

EF: What opportunity did you see to create Yana? What is the inspiration behind the platform?

AC: The inspiration behind Yana stems from my personal journey with depression. Struggling with depression since a young age, I faced significant hurdles in finding the right tools and support to navigate those challenges. Then, after 14 long years, I stumbled upon Cognitive Behavioral Therapy (CBT) and pharmacotherapy – a real game-changer for me. At that point, I'd been coding for about a year and a half, and a thought hit me: "Why not create something based on what I'm learning in therapy and what I'm learning in programming to do something that could help me through my next depressive episode?"

EF: Regarding the environment in Mexico, how can we shift to a more proactive and preventative approach? How is your platform helping in terms of prevention?

AC: This is the fundamental issue we struggle with every day. People turn to us when they're in the midst of a crisis, like breaking up or getting fired, for example. They might engage with Yana for hours on end, pouring their thoughts out, only to leave 5-star reviews, saying, "Thank you for everything. You changed my life. I'm so much better now. I don't need this anymore." And then they delete the app.

We've undeniably identified product-market fit concerning this user case, which we've internally labeled as "Reactions." However, we're facing more challenges with another group: the "Proactives." While we understand that there are moments in which you only need to vent and find immediate coping mechanisms, we're also well aware that this merely hints at a more profound issue: **people lack emotional education.** Consequently, when they encounter moments of struggle, they're not equipped to handle them. And therefore, they turn to us in search of a solution, and once they feel they've

found it, they move on. Yet, from our perspective, this isn't a sustainable approach to self-improvement.

It's similar to having a gym where people attain remarkable fitness levels and then leave once they're in good health. It's not sustainable. We're noticing a similar pattern with Yana. Mental health isn't typically viewed as something to actively cultivate; it's more commonly approached reactively in response to discomfort. Most people solely associate mental health with moments of unease. *While we fully acknowledge that "Reactive" individuals will continue seeking assistance, and it's our duty to continue to help them...*

“...we also bear a profound responsibility to encourage them to recognize that adopting a “proactive” approach is the way forward.”

EF: How do you assess the impact of the pandemic and the isolation that it caused on mental health in Mexico?

AC: Yana launched the same week the pandemic started here in Mexico, so I do not have a clear before and after picture. *It is difficult to know whether the pandemic induced more depression and anxiety. However, that theory makes a lot of sense, people were more isolated and were not receiving sunlight. Certain activities like group exercise or simply going for a walk outside were canceled. It makes sense to me that just that change in lifestyle and habits also provoked internal changes.*

Our brains are still optimized to do a lot of physical activity, go out and hunt for food, be in the sunlight, and live in a community. That is what our brains are wired for, but we do not live like that anymore. We have become sedentary humans who eat processed food, spend at least 8 hours in front of a screen, and barely spend time with other human beings in person. And that is the theory that makes the most sense to me. So, if that was already the case before, then the pandemic came to supercharge this change; we became even more sedentary and isolated, and those conditions worsened exponentially.

On the other hand, as the subject has become less taboo, more people also self-diagnose with mental illness. As they hear those words being used more frequently, it becomes easier for them to use them as synonyms to describe themselves. They don't say, "I'm sad"; they say, "I'm depressed." For someone who likes things to be neat and clean, someone might say, "You're so OCD." And that's not accurate. They start hearing these words and don't have enough education about mental illness, so it's easy to use them out of context. That doesn't necessarily indicate more mental illness, but more people are misusing these words.

In conclusion, the way I see it is that there are many intersecting factors that make it difficult to say whether the pandemic caused increased mental health challenges. It is not black and white; the origin is up for debate.

Astrea Ocampo

General Manager,
Psicofarma



EF: In the post-Covid times, executives have to handle a complex world. Do you visualize 2023 as a challenge or an opportunity? What does 2023 have in store for Psicofarma?

AO: The market will always surprise you. When seeking growth for a company, there will always be challenges and opportunities, which holds true for Psicofarma and Mexico.

Probably the two biggest challenges during COVID were the supply of raw materials and APIs in general and the forecasting of demand. Gladly in these post-COVID times, supply has been normalizing. Here lies one of our most interesting opportunities for 2023 and the years to come: the near-shoring policies undertaken by the USA.

Mexico could again become an important API source as it once was and supply other components for the pharmaceutical production processes. So, we are preparing to supply the USA final dosage forms and APIs from Mexico. We are strengthening our strategic position through conversations with companies in Asia interested in partnering with us as well as through the many pathways offered by the US government.

EF: To better understand Psicofarma, could you elaborate on your Mexican footprint and portfolio?

AO: Psicofarma's story is an exceptional one since its creation was driven by the eagerness of doctors to help patients. Therefore, a group of psychiatrists almost 50 years ago started to operate a company fully devoted to mental health. Efrén Ocampo acquired this amazing company almost 30 years ago with the goal of stopping stigmatization and increasing the therapeutic options provided by the company.

Throughout all of these years, the portfolio has grown, providing what the patients and physicians need. It is a unique company that has been open to understanding the epidemiological opportunities and challenges and creating specific portfolios for specific patient needs. We have a wide range of almost 200 products for the central nervous system; our sole focus over the years has been to create various products so that mental health does not remain solely in the psychiatry field. Furthermore, many years ago, we expanded our focus to Neurological diseases so that Psicofarma could be a company focused on Central Nervous diseases.

EF: Could you elaborate further on Psicofarma's role in raising awareness and educating physicians and patients? What sort of programs do you operate?

AO: We have been committed to central nervous system diseases for decades. Our many efforts have been directed mostly to health practitioners since they are the main support for the diagnosis and treatment of patients. *Working with as many physicians as possible to contribute to their constant efforts in medical training has been our role in increasing central nervous system disease awareness and treatment. Nevertheless, we have also supported many NGO efforts to raise awareness and also for providing pharmacological and nonpharmacological treatments.*

Since the pandemic, there has been an exponential increase in the visibility of mental diseases. People did not become sick because of the pandemic; they already had a mental condition, but many factors brought it to the

surface or worsened it, such as isolation. PSICOFARMA will continue to contribute to the aim of ending the harmful stigmatization of mental diseases. Even in this century, people are not stigmatized for having pain or diabetes, but mental health has been stigmatized throughout history.

Our work with GPs and other very important medical specialists has been very rewarding, for the diseases they treat are usually linked to a mental condition, generally to depression and anxiety.

We have helped create two websites for patients, "Contigo en Mente" and "Mentalizarte." Both attempts to create an ecosystem where people can go if they think they might have a mental condition and to understand different aspects of it.

“ A mental disorder does not make a person abnormal; we are all the same, just with a brain biochemical need. ”

EF: The government of Mexico recently announced its support of three pharmaceutical plants with an investment of 800 million pesos, one of which is the Psicofarma injectables plant in Coyoacan. To what extent will this contribute to the capital's economic growth? What does this mean to you as a company?

AO: *It is a very exciting project because of the complexity of sterile production and the opportunity there is worldwide for its production, for there is not a great supply of steriles. We will be able to manufacture three hundred million vials or ampoules per year, allowing us to supply the domestic market and sell to the US market. We are in conversations with big pharma companies to create alliances to speed up our pipeline so we can go to the market with a bigger and broader portfolio both for Mexico and the USA and other highly regulated markets.*

EF: When you look back at this period in your professional career, how would you like your tenure to be remembered?

AO: I would like to follow the company's current path of supplying high-quality products at affordable costs. In this aspiration, I aspire to include other therapeutical classes in order to supply the patients with the care and passion we have tried to give to those in our current work.

I would conclude by saying that Psicofarma has been very successful within Mexico, covering all critical areas: lean manufacturing, top-notch quality standards, and commercial procedures. But PSICOFARMA was born to serve patients, so another one of my goals is to improve our ability to deliver more value to doctors and patients since I am passionate not only about delivering products and services but also about helping people who have a CNS condition.

EF: Is there any final message that you would like to share?

AO: To end, I would add that social responsibility is very important in the company; there is a place for young people and women to play important roles.

Chapter 4

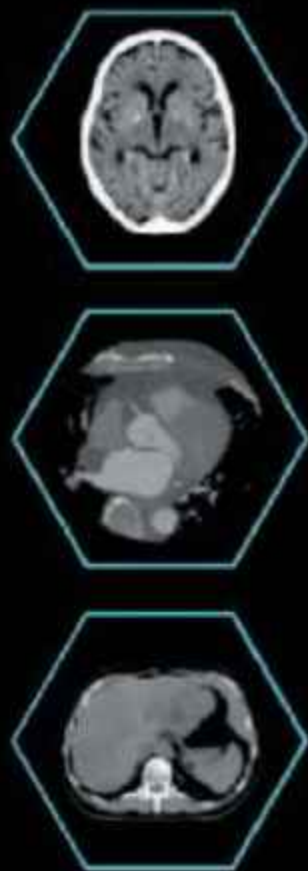
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Technology and AI in Healthcare: The Power to Bridge Gaps

As generative Artificial intelligence (AI) creates a frenzy in its breakout year, the importance of distilling useful applications from the noise becomes more important than ever, especially when it comes to health. With the global AI healthcare market predicted to be worth \$187 billion in 2030, the technology has the power to bridge healthcare gaps, broaden access, improve the accuracy of diagnostics and treatments, as well as drive economic growth.

Ensuring the financial sustainability of healthcare systems is an issue poised to be tackled by AI, as healthcare spending fails to keep up with ever-increasing demands, and Mexico faces a shifting demographic.



"As we become an older population, the demand for healthcare services is going to increase, and we are not going to be able to supply that demand for healthcare services as a whole; it's basic economics," declares **Héctor Valle**, executive president of the Mexican Health Foundation (FUNSALUD). He goes on to outline the solution, "We are working to find ways to close those gaps, but the only way to close them is to go into new technologies."



One company looking to reduce costs through its innovative diagnostics AI platform is newcomer **Brahma Genetech**, CEO **Satyen Suryakant Timbadia** has his sights set on tackling long-standing funding gaps in the wider region. "We want to help reduce the cost of healthcare in all of Latin America so that the budget can be used for other things like education and poverty alleviation." The benefits of the platform extend beyond cost reductions; Satyen continues, "Our system allows for availability in remote areas because it is a web-based, cloud system so that you can use it anywhere in the world," something particularly useful in Mexico, a country that grapples with significant healthcare disparity between rural and urban areas across its challenging physical geography.



Joao Carapeto, country manager at **Roche Diagnostics** for Mexico, is not only concerned about diminishing financial resources but also human capital, "We must realize the complexity of the healthcare challenges in Mexico and elsewhere. There is a scarcity of human and professional resources. The healthcare system cannot continue to work in its current state." This is supported by forecasts from the World Health Organization (WHO), which projects a shortfall of 9.9 million physicians, nurses, and midwives globally by 2030.

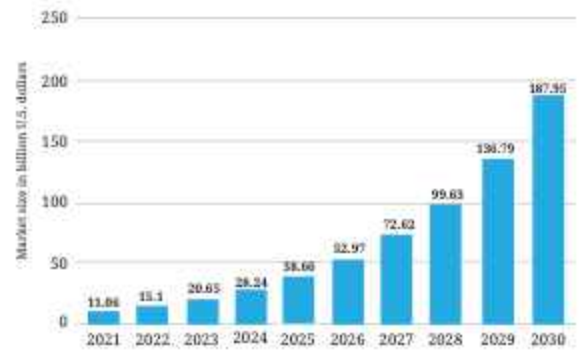
In light of this, it becomes crucial to reduce the workload of physicians; something that studies suggest can be solved through AI, with Forbes reporting that physician burnout was reduced by 50% following its implementation⁴. The technology can also support physicians in their decision-making, reducing workload and timeframes, "Artificial intelligence is a promising tool in healthcare, especially in improving diagnostic accuracy," says **Sven Boes**, CEO of **Auna Mexico**, a successful Peruvian Hospital chain and insurance provider looking to replicate its model in Mexico. With its sights set on strong growth in the coming years. Sven continued to outline its uses: "Physicians can make a diagnosis out of the knowledge of maybe a thousand cases, while AI has the ability to analyze millions of cases, it is a promising tool in healthcare, especially in improving diagnostic accuracy."



Rather inevitably, during the emergence of such advanced technology, there is a fear among doctors that AI might not only support their work but go as far as replacing them, something that is ruled out by **Hector Orellana**, VP of North Latam at the world largest medical technology company, **Medtronic**; he states, "The speed and the accuracy of AI in terms of diagnostics are life-changing. The technology will not substitute doctors; it greatly supports diagnostic decision-making for most procedures. Despite this, he urges doctors to adopt the technology, adding, "I recently attended a talk from a surgeon, and he said that AI would not replace doctors but that doctors need to learn to use AI and leverage technology. If the doctors don't do this, they will be replaced by those who are open to adopting technology."



GLOBAL HEALTHCARE AI MARKET SIZE (USD)



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Pioneering Prevention: Chasing the Curve



“We call it a healthcare system, but it is really a disease system,” exclaims Joao Carapeto as he outlines the reality of the current structure, which fails to prevent diseases or detect them in their early stages. Not only is this detrimental to the lives and disease burden of the population, but it also creates a huge economic issue, as costly procedures use up precious resources and drive the health ecosystem toward further financial unsustainability.

Saving lives is the single biggest commitment of all stakeholders in the healthcare system; no example highlights the importance of early diagnostics more than the main cause of cancer deaths among women: Breast cancer. Joao explains, “In more developed countries, 60 percent of cases are detected early on. In Mexico, only 35 percent of the cases are detected early. When detected early, the survival rate in the first five years is almost 100 percent, but when detected in the latter stages, only three women out of 10 survive the first five years.”



Following four years of investment in innovation and AI, **Satyen Suryakant Timbadia** and his platform **Brahma Genetech** look set to tackle this issue head-on. “We are planning to make a diagnosis before the cancer happens. We do not know the cure, but we know how to detect it before it is too late. With this, we can help patients, and we can help the government reduce the cost of treating cancer.” The cost reductions that Satyen is referring to are substantial, with the WHO stating that treatment costs for cancer patients who are diagnosed early are 2 to 4 times less expensive compared to those diagnosed with cancer at more advanced stages.



During the pandemic, **Hospitales MAC**, led by deputy CEO **Eduardo Verboonen Khoury**, implemented technology to take an innovative approach to prevention. He states, “We partnered with a FinTech company to create a transparent, user-friendly algorithm to assess symptoms and direct patients to the right hospital or home care. This tool

was freely shared with all hospitals in Mexico, public and private, proving that innovations can happen rapidly, even in slow-moving sectors. Through technology, we monitored patients remotely, provided vitamin kits, and prepared hospital beds in advance. As a result, our mortality rate during the pandemic was impressively low at 4%. *Technology and prevention work hand in hand to save lives.*”

Javier Giraud from **Fujifilm**, a Japanese MedTech giant with a leading diagnostics portfolio, believes that the answer lies in education and strategic investment: “Mexico must invest more in prevention and diagnosis rather than just going to the doctor when you are sick. It must start with educating younger people on maintaining their health.” Alongside education, **Alexandro Arias** of **Deloitte** believes we need to leverage a cultural shift instigated by the pandemic, “Covid-19 encouraged us to develop a “testing culture.” People who feel sick are now more likely to go and get tested to get a diagnosis. *Testing is something that has to continue happening; it needs to become an integral part of the system.*”



Alejandro Bonilla, DG of **Faes Farma**, reiterates the importance of educating the industry to consolidate the crucial shift to preventative healthcare: “Our goal is to prevent issues by promoting their significance in patient well-being.” He clarifies that bringing key stakeholders together is a vital part of this journey, “The joint presence of physicians, nurses, and us in these meetings helps patients understand and embrace the importance and need for our products for their health.”



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Expandamos los límites de la medicina"*
– Satyen Timbadia, CEO

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Sven Boes

CEO Mexico
Auna



EF: With the complex political and economic landscape and major corporate restructuring, how do you perceive the upcoming year of 2023? Is it seen as an opportunity or a challenge?

SB: I firmly believe that every challenge presents growth and innovation opportunities. Although Mexico has faced numerous challenges this year, including high inflation rates, supply chain disruptions due to the pandemic, political turbulence across the region, and the upcoming US elections, I remain optimistic about the future.

While the healthcare sector has not been immune to these challenges, it has previously weathered similar storms and emerged stronger. Despite the current economic climate, it is essential to prioritize patient care and ensure that everyone has access to high-quality healthcare.

One of the most pressing issues facing the private healthcare sector is the high cost of healthcare, which has resulted in limited access for the majority of the population, with less than 9% having health insurance. Addressing this issue is critical in expanding access to healthcare for all.

EF: What attracted you to Auna's new project in Mexico, and what excited you about this role?

SB: Auna's philosophy aligns with my beliefs about healthcare - putting the patient first and ensuring high-quality care and patient safety. What particularly attracted me to Auna was the prospect of strong growth in Mexico.

One of the challenges in healthcare is access, and Auna has a model that includes insurance.

“ The Auna model offers a unique approach we have yet to see in Mexico. ”

It allows for coverage of specific risks, such as cancer, which we are currently studying and hoping to implement. We are currently exploring ways to make this type of product more widely available in Mexico, and my mission is to implement and expand this model across the country successfully.

EF: What was the opportunity that Auna saw in Mexico last year to begin expansion into the country?

SB: The main goal is to replicate the successful expansion we previously achieved in Peru and Colombia. We have learned valuable lessons from our experiences in these

countries. Now, we plan to use that knowledge to grow in Mexico while adapting to the specific characteristics and pricing of the Mexican market.

EF: How do you use technology, particularly AI, to improve patient outcomes and diagnostics in your operations?

SB: Our company has a dedicated committee responsible for assessing new technologies and their potential applications, including those related to artificial intelligence. However, it is a well-known fact that the healthcare sector, as a whole, has been somewhat slow when it comes to adopting new technologies. Even something as fundamental as the electronic medical record has taken considerable time to become widely adopted.

One potential explanation for this phenomenon is that healthcare professionals, including physicians, tend to be risk-averse and may therefore be reluctant to embrace new technologies once they are proven to be safe and effective. *Machines can now suggest possible diagnoses, which physicians can review to determine their accuracy. At Auna, we have a dedicated arm called Auna Ideas and can provide more information on this topic.*

Physicians can make a diagnosis out of the knowledge of maybe a thousand cases, while AI has the ability to analyze millions of cases. This is particularly important in cases such as cancer, where early detection can significantly impact survival rates.

EF: If you were to create a healthcare company in Mexico tomorrow, which startup idea would you pursue, and why do you believe it would make a meaningful impact on the country's healthcare sector?

SB: I would consider creating a company focused on electronic health record systems. Such a system could help with patient safety by providing a comprehensive medical history that tracks a patient's health records across different hospitals and sectors. For instance, a patient's past treatments, medications, and reactions can be accessed, informing future treatments and improving the quality of care.

Moreover, an electronic medical record system would allow patients to have their records transferred easily between hospitals or sectors. This can be especially beneficial for patients receiving care in the public and private sectors.

EF: How does the approach at your facility prioritize patient care over profit, and what benefits does this approach provide for patients?

SB: *To improve care quality, Mexico needs to transition from fee-for-service to fee-per-clinical outcome. This would shift incentives for vendors, insurance companies, hospitals, and doctors to prioritize patients' needs over profit.*

Satyen Suryakant Timbadia

CEO
Brahma Genetech



EF: Do you see the year 2023 as a challenge or an opportunity?

ST: *2023 is both a challenge and an opportunity. Four years ago, we started investing in innovation and artificial intelligence for use in healthcare. People are usually skeptical when it comes to artificial intelligence and healthcare. We finished our AI model in 2022 and started offering our services free of charge to public health institutions so that they could use and analyze the system. Once they see it working and accept it, we can get into the real opportunity of officially working with the public healthcare system, with all the certifications and budgets they have planned for us.*

It was quite a challenge to get into this market. There was a lot of noise and resistance from other people about existing artificial intelligence models, mammogram research, and whether AI works. *We had to prove ourselves, and we did that. We took that challenge, and now there is a huge opportunity in Latin America because there are not enough radiologists, oncologists, and healthcare facilities, and they do not have the advantage of getting this kind of diagnostics easily and cheaply. We have recognized this opportunity, and we are working to seize it.*

The change of government and elections next year has created a dynamic atmosphere for companies to establish themselves and sell on a large scale to governments. 2023 is a challenge and a huge opportunity because digital health is a fresh and untapped market.

EF: Could you elaborate on your partnerships? How is your technology assisting with earlier, more accurate diagnostics?

ST: We signed contracts with non-profit organizations and other institutions like university-based hospitals and six other hospitals in Mexico. They are all providing us with roughly 300 patients from each institution. They use our software to identify and diagnose cancer to achieve early detection.

Our system already has the data for 35,000 patients' mammograms and more than 2500 biopsies from cancer patients. The AI model is completely trained. If I feed it data from a mammogram or a biopsy of any of the patients from any population in the world, it has an accuracy rate of more than 95 percent to be able to diagnose cancer.

Another advantage of our system is that it diagnoses a mammogram within one minute, whereas a radiologist takes roughly 10 minutes to evaluate and give his interpretation. We are ten times faster. The system does not get tired, the precision does not get affected, and it is cheaper. *We are giving it away for free so that populations that do not have access to that system and insufficient money can take advantage of it. Life before money.*

EF: What has been the public sector's response to adopting AI and technology in healthcare?

ST: Initially, we received a mixed response. When we spoke with one of the largest cancer foundations in Mexico, they were unsure how it would work. A lot of people do not know the precision of AI. People are now looking at it in a very different way. The theories of cancer detection with AI have existed since the 1970s. Still, nobody has invested enough money, effort, or time to gather the data because that is another challenge.

Bringing all those factors together was a huge task. *Once the doctors see the results of AI, they become more accepting that this can be an interesting tool that can help them. Earlier, radiologists felt they would not have a role to play and would be replaced by AI. The idea is not to remove the radiologists and replace them with the system. The idea is to give them access to a tool so that they can do their job with much more precision.*

When radiologists detect any irregularity in a mammogram, they have to go

for a second and sometimes a third opinion. Getting a second opinion from other radiologists can sometimes take a week, and time is of the essence in cancer. Our system can work as a second or third opinion because it has the opinions of more than 35,000 radiologists. It has unparalleled precision. For example, we tested ten Indian patients from a health institute in India. A radiologist had marked none of the data. We were just sent the mammograms, and we developed the results. We were 100 percent accurate with each patient. The radiologists in India were stunned. They had expected us only to diagnose eight of the cases. We accurately diagnosed these cases without having any information about any Indian patients.

The data of Indian patients, such as the type of breast, differs from that of a Brazilian, Portuguese, or Mexican patient. Depending on the region, different types of breast tissues exist within Mexico. AI needs all this very specific data. Our algorithms worked so nicely and came out with this result.

We were so proud and felt so blessed that we could see this day and this result. It gave us so much confidence that we can now go to any population with a precision rate of at least 90 percent.

EF: Is data security an issue for you? How do you ensure the safety and confidentiality of the data you use?

ST: *Data protection is one of the most important factors for the success of any AI-based system. In order to manage data security, we usually give our systems to healthcare institutes, and they run our systems on their cloud, and they train our AI with their data.*

We do not store their patients' data on our servers. We just extract the deceased's information but not the patient's information. We have kept these two points separate.

EF: What are the company's expansion plans?

ST: We do have expansion plans. Our system is open to private sector customers as well as governments. We plan to finish developing our cancer models for other types of cancer. Apart from breast and cervical cancer, we have been working on lung, skin, and prostate cancer. We also want to attempt to model blood cancer and leukemia.

We also want them to be able to implement the electronic medical record, which is a person's medical identity. *With the help of big data and analytics, we want to see how we can work on the root cause analysis of major illnesses with major healthcare costs to help them reduce them.* We also want to put our gene sequencers in each country to enable us to do gene sequencing for them using their people and our guide to train them on how to go about it.

We have a vision, and we want our clients to join us in our vision to get the advantage, someday operate on their own, and see how they can help their population with modern technologies and personalized medicine. We want to personalize cancer medicine as much as we possibly can. In the future, we want to go on to diabetes, blood pressure, and all those silent killers to help the population with this technology to reduce the mortality rate.

EF: Is there any final message that you would like to mention?

ST: *We are looking to start in Latin America and will request cooperation from different governments. We are so willing and happy to work with the central governments in each of these countries to help with our technologies and show them the future of AI in cancer detection and other diseases.*

We plan to achieve our goals in the next 5 to 10 years. We want to help these countries and improve the lives of their citizens.

Javier Giraud

Medical Systems Manager
Fujifilm Mexico



EF: Do you see 2023 as a challenge or as an opportunity?

RV: It is always an opportunity. Although Mexico is the 13th largest country in the world, it is still a demographically young country with an average age under 30. That means a large part of the population still lacks regular healthcare needs. *Mexico is becoming a place of more significant opportunity, and there is much more attention on our potential as a country.* One of the challenges is the timing. We are behind where we want to be as a country, so there have been new government investments to address areas they want to change. *The government must provide healthcare and let companies like us help improve this healthcare system.* The general strategy to do this has been the same for many years, but we have been improving a lot as a country in providing better equipment, solutions, and services to the public.

On the other hand, Mexico must improve a lot in diagnosing diseases. Right now, the healthcare system is primarily focused on treatment. *We are one of the top countries that invest in pharmaceuticals, with around 30% of healthcare spending going directly to pharmaceutical companies.* That means that the critical priority in future years must be prevention, which has not been the focus until this point in the country. If we look at insurance companies or IMSS, they are focusing on how to treat sickness and not prevention. There are many things that public and private companies are doing, like promoting and providing healthy food, but that does not go far enough and does not address the problem.

“ Mexico must invest more in prevention and diagnosis rather than just going to the doctor when you are sick. It must start with educating younger people on maintaining their health. ”

EF: Could you elaborate on your portfolio, how it is evolving, and how it has adapted to the needs of Mexico?

RV: *The value of the company comes from innovation.* Trying to invent what has not been invented puts us at the forefront of our field. We started many years ago with film. Now, we are becoming one of the top players in the healthcare world. We have products that range from diagnosis to laboratory tests. We have x-rays and ultrasounds, and now we are entering into pathology. One of the top components of our portfolio is IT solutions. This helps us to have a component of our company in every aspect of the hospital, from the diagnostic exams like labs and x-rays to when the patients are arriving and receiving a diagnosis. We have lab, endoscopy, ultrasound, x-ray, CT, MRI, and ultrasound. Fuji has bought out several companies that came before us in the sector, and the transition of knowledge from one company to another has allowed us to create new machines that can go directly to doctors to improve patient health.

EF: Could you elaborate further on how the development of AI is evolving and how you are assisting with diagnostics using this tool?

RV: AI is a technology that is not utilized as much as it could be. *The technology AI will provide to doctors and healthcare will be amazing in the coming*

years. We understand that, as a company, we cannot offer all the solutions simultaneously. That is why, even if we have a lot of technology and protocols, we create open-source technologies to provide resources to new developers and companies instead of trying to beat huge companies in the field who have been in the market for many years. This new technology that we have called REiLI is entirely open source. We are giving this open code to the universities and other companies to start creating new protocols for the future. It is much easier to create a specific protocol for a particular disease with a couple of engineers than to create an entire company that can reach worldwide. *We are trying to reach these small companies and startups who are outstanding in technology but do not have the power to go worldwide to promote this technology.* This is why we create a partnership with multiple companies to harness all their technology simultaneously. Instead of having all the engineers and focus we need for a specific client, we are reaching many technologies at the same time and connecting them to our clients.

EF: What is your definition of access, and how would you assess access in different parts of Mexico?

RV: All people deserve to have this technology. Going back several years, it was almost impossible for everyone to have a digital camera. Now, everyone has a better-quality digital camera on their cell phone than they used to have with a physical camera dedicated only to taking pictures. *Technology is not always based on improvement but also on reducing costs, which we need to work on more.* We work not only to introduce new technologies in IT and AI solutions but also to make this technology affordable to everyone. That is the most essential issue our business in Mexico must face. If we want to provide technology only to a few people and hospitals in Mexico, that is easy. And that is where the money is. But we must create different systems to distribute this technology everywhere. Fortunately for us, that is where Fuji started. We did not start with the big hospitals; as a small company, we worked directly with small clients. And that is also how Salud Digna started too; they started with one or two clinics and became gigantic. And they considered not only where the insurance companies or the people with money went. They focused on the need. If you look, more than 80% of the population needs these types of solutions.

EF: Do you have a final message?

RV: *Fuji is now becoming a giant in the healthcare sphere, and we must assume responsibility for providing our products to everyone to create these partnerships as we have done, adding new companies to our portfolio.* That is what Mexico needs: to have these players focus on the patient's experience, not only what they think they need. We are all on the same page. It is obvious what Mexico needs for healthcare. In this new area of healthcare after the pandemic, I hope that everyone will start collaborating more and that we can get our technology into more hands so everyone can have this opportunity. *Mexico could become one of the biggest data providers worldwide.* If we look at how the system works, we have mentioned Salud Digna, but it is also Chopo, L&P, and Grupo Aries; they all have a lot of patient data. We also have a few hospital groups like ABC, Angeles, and Médico Sur, where they also have this data. The public sector has two big groups: ISSSTE and IMSS. If we take advantage of all the data produced daily, Mexico can become a great country to provide information for the future. We have a lot of data, and we need to use it.

Héctor Orellana

Vice President of North Latin America
Medtronic



EF: How do you visualize 2023? Do you see it as a challenge or an opportunity?

HO: I see it as an opportunity to reach more patients. The geopolitical situation is affected by world dynamics, but focusing on reaching more patients has been key to our success over the last couple of years. The professionalized use of our technologies is there for doctors and physicians, and providing opportunities to diagnose patients better and more accurately has been key to our success. We need to take advantage of the environment to spotlight the use of technology for the country's future needs. Extra resources will not magically appear; there won't be more than there are now for the next years. We must invest in technologies to act as enablers, facilitating healthcare systems and benefiting people's health.

EF: What do you strive to achieve as president of AMID? What is on your agenda?

HO: There are several key points on the agenda; the legal recognition of medical devices is important as they act as enablers. The law has recognized medical devices as another element of the main health system. Today we are legally recognized and very happy to be so. The future of health will be based on enabling medical technologies, which the system can leverage to accelerate patients' health. As an important stakeholder in the ecosystem, we are building the medical device industry to improve people's health for the future, and it is one of our main drivers.

EF: What are the advantages of having a local manufacturing footprint in Mexico? Are you leveraging the nearshoring potential?

HO: For us, Mexico is already a really important hub. We have a significant footprint and over 12 thousand employees, and our first responsibility is to provide access to our products for our people. I am happy to say we are working and improving on this challenge. We provide work for many families in Mexico and are proud of doing so. If we continue this trend, Mexico will become an important hub due to investment and nurturing. Medtronic has invested in Mexico for fifty years, with recent significant investments to improve our local capabilities and make us a relevant player.

Mexico is already the largest exporter to the US in terms of medical technology. More than 160 thousand families depend on manufacturing medical devices, not to mention all the indirect jobs created around the medical device industry. Therefore, building on knowledge and capabilities for Mexico's industry is important, as it aligns with the government naming medical devices a strategic sector.

EF: On a global scale, the cardiovascular unit drives the most growth for Medtronic. What are the key growth drivers for your region, North Latam? Is there anything particularly exciting coming?

HO: Cardiac diseases are one of the leading causes of death in the country, together with diabetes. We would love to expedite cutting-edge technologies into the market in these segments and the surgical field. Our broad portfolio has many

successful and excellent products, but the cardiovascular portfolio provides the most growth and leads the market. Cardio is a leading growth driver for us in Mexico. Diabetes is also a key growth driver, but more is needed. We have a new technology, a closed system that helps the pancreas complete its process, and we want to bring this technology into the country for diabetic patients.

EF: A colleague of yours for the Southern Latam was ecstatic about AI, robotics, and their reception in her region. What are the latest technologies in your region, and how do you assess their receptiveness?

HO: In Mexico, we are still, unfortunately, in the process of getting the registrations for robotic surgeries, but in Panama, we have a very successful project in robotics, with very eager surgeons adopting the technology and prepared to start working with the latest technologies in robotic surgery. Some incredible tools and technologies are available, in the gastrointestinal field, our technology helps the surgeon when doing an endoscopy to identify lesions that are hardly perceptible to the surgeon's eye. The lesions would be missed without the support of AI tools, allowing us to anticipate treatments and greatly benefit the patients. The navigated spine surgery helps to provide better outcomes to the surgeons.

EF: Our feature is called "Road Map to the Future." If you had to create a road map for the healthcare industry in Mexico, what would be your three base pillars?

HO: With access as our beacon, my first pillar would be availing doctors of our technology to leverage it in a health transformation. We are approaching a very relevant moment where technology must be in the doctor's hands. Training professionals to use and be close to the technology is a key factor to focus on because it will give wider access to patients in the short term. Secondly, we must keep working with the public and private healthcare ecosystems on the efficiency of the systems. Moving forward, we must be capable of providing help and technology to patients when they need it, and the medical device industry can be an enabler for that efficiency. There will not be more resources for healthcare, the expenditure related to the GDP will not change, so we need to get results more efficiently. My last pillar is to focus on the regulatory process to comply with our mission; if we don't, the future will be very limited regarding new technologies.

EF: Is there any final message you would like to share?

HO: Medtronic must continue to be a strategic partner for the public and private healthcare ecosystems. We must continue down the same path, be smart, and provide value to our partners within the health systems. In time we will all better understand how to improve and be a better partner to assist more people in accessing the different technologies.

“ We want to change the game, and we are changing the game. ”

Guillermo Murra Hernández

Executive Director and General Manager
GE HealthCare Mexico



EF: How do you see 2023, from your perspective, as a challenge or an opportunity?

GMH: We see it as an opportunity. We have been through the restructuring phase, and the spin-off was completed at the beginning of the year. So we are starting 2023, ready to go. *We have already restructured all the areas that we needed to in order to become GE HealthCare, this new company that is separate from GE. So, the perspective is positive. The market in LATAM, and especially in Mexico, is very attractive to us. We're expecting growth, we anticipate that innovation will drive growth in patient care. So exciting times for us in the industry and for GE HealthCare in particular.*

EF: What mission did you set for yourself when taking on this role last year?

GMH: *We are market leaders in Mexico, but we want to drive the way that healthcare and diagnostics are done in Mexico. So what we were expecting from my team and for GE HealthCare to develop in the market is to drive innovation in customers, especially in the public sector, which faces significant challenges in providing access to the very large population in Mexico across challenging geography. That is my mission: help our customers better serve their patients.*

EF: How has the spin-off strengthened your position within the market?

GMH: We are just starting to see the results of the spin-off. There are several benefits: *we have gained speed in decision-making and are now more in control of our budget, leading to the acquisition of many companies in the short time we have been a stand-alone company. Our greater level of autonomy has also allowed us to increase our R&D budget, which will further drive innovation.* In summary, for us and our customers, we are now in an excellent position to deliver the future of health.

EF: How are you leveraging technology to improve patient outcomes and increase accuracy and efficiency from the patient and operational perspectives?

GMH: Many companies we have acquired act as add-ins to our products in artificial intelligence and other technologies. We acquired a company called BK Medical, which will further enhance our position as the ultrasound market leader. *Most of the innovation we can see coming through is software-related, which is very impressive.*

We have advanced remarkably in the past three or four years; most of our equipment now runs on AI software, enabling clinicians to assess their patients better and make much faster decisions. For example, we have artificial intelligence-based software that can reduce time spent by patients inside MRI scanning equipment by up to 50%, with equal or even improved image quality.

EF: Being part of a company that thrives on innovation, how do you assess the potential of Mexico to become an innovation hub on a Latin American level?

GMH: As part of the wider GE family, we have always considered Mexico an innovation hub. We had our innovation center in Queretaro, with around 1,500 engineers working on developing technology for the GE Vernova (Power Generation) and GE Aerospace Businesses. In GE's power generation and aviation business divisions, we have always known that Mexico is a place with a huge talent pool and a generation of innovators. *At GE HealthCare, we have a significant manufacturing presence in the country, with production plants in Monterrey and Chihuahua, and we have plans to increase*

our design and technology footprint in the country.

EF: What makes Mexico an ideal market to have a production footprint?

GMH: It is strategic because of the infrastructure that we have here in Mexico. We have a close connection to the US, and an impressive level of professionals can be found in Mexico, especially in the manufacturing field, which we leverage to enhance our production capacity.

EF: What is the strategic significance of the Mexican market to GE HealthCare as a global group?

GMH: Mexico is a growing market with a population and healthcare needs that must be addressed in the next 10 to 15 years. Two factors come into play here. One is an investment in the private sector, which is happening. International investment groups, from healthcare or outside of healthcare, are investing heavily in private groups to grow and take advantage of the market in Mexico. And then we have the other factor: the Government's interest in healthcare and its role in providing for the Mexican population. The Government is prioritizing the development of a good healthcare system for the Mexican population, which is evident in the increased public expenditure over the past few years and is expected to increase even more this year and next. From a private perspective, all major players, without exception, have expansion plans.

EF: How is GE HealthCare driving access to the Mexican population?

GMH: Due to the products in our portfolio, we are key to healthcare access. We are specialists in diagnostics, and the patient's journey to health begins with diagnostics. Implementing technologies in different sectors of the healthcare system that may enable accurate diagnostics will improve patient outcomes in Mexico and beyond. *For example, last year, we implemented technology at one of Mexico's largest public institutions; we installed 19 units of nuclear medicine equipment to support the diagnostics of oncology, cardiology, and neurological diseases. In summary, we must enable access through technology that helps clinicians diagnose better.*

EF: How do you leverage common spaces to advance the industry and enhance collaboration within the sector?

GMH: As a large international company, we are part of many associations, such as AmCham and AMID, as well as other industry groups or different company profiles. We collaborate to understand where we are in terms of industry, to ensure we are close to the industry, and to understand public policy, for example, in which we can better help the Mexican authorities understand key priorities. We also collaborate through knowledge and sharing of experience when we address some difficulties, for example, tackling inflation and other new trends in the market that we face. This is important to us; the associations allow us to meet in a controlled environment.

EF: Do you have a final message for our readers?

GMH: *I would like to share why I believe in the importance of healthcare. My mother is a cancer survivor, so I experienced firsthand what it feels like to have health taken from your family. I believe these industries must keep touching people's lives.*

“ GE Healthcare is making a great effort to create a world where healthcare has no limits. That is what we are working towards. ”



Javier Potes

Director General
Consortio Mexicano de Hospitales



EF: In February, the Consortium released a document outlining seven key challenges private healthcare in Mexico faces leading up to 2030. Which are the most pressing on your 2023 agenda, and what measures are you taking to tackle these issues?

JP: It is not easy to pinpoint the most pressing challenge as they are not independent of each other; however, I believe my biggest wish would be a patient-centric model, our first and steepest challenge. *We hear much about patient centrality and digital transformation, both difficult to achieve, and we are moving forward in both areas; however, we are still not as effective as we should be.*

- I. To become patient-centric, we must remove other players from the model center. At the center of the model today is the system per se, the hospitals, the health systems, doctors, insurance, etc.
- II. Lack of articulation within health systems. We need to strengthen health financing in the private sector to meet patients' needs. Pharma and medical devices already understand that the priority is not to sell but to ensure the patient has the required resources to receive attention, drugs, and devices. The focus is changing from selling health services to the patients and moving into a second phase of finding ways for the patient to have adequate resources. This can only be achieved through articulation and working closely with insurance companies and new financial models.
- III. Digital transformation is the next natural step, not isolated attempts -hospitals cannot transform in isolation- but as a part of the whole as the industry advances.
- IV. Data analysis: there has already been an evolution in digital procedures, but there is still much to do. The transformation is not transactional but goes deeper into data analysis to have better services and products to meet patients' needs, thus bringing the patient to the center of the model.
- V. Focus on health over sickness: which changes our work formula. Changing health's central axis from illness and disease to health changes the whole business model as we know it. I believe this to be our biggest challenge because it translates into a huge business change for the industry, as we work and focus on sick patients and not on the patient's health. Achieving this change means understanding what the patient needs -what they need is health- which connects to other health system challenges.
- VI. A social focus on health within the private sector is needed. The paradox is that our present government has left social leanings; however, due to its inefficiencies, there is a patient migration to the private sector. The second and more notable paradox is the private sector should become more socially inclined. Private medicine should be more accessible, patient-centric, and have better financing lines -therefore, more interconnected.
- VII. The private sector should have a stronger participation in public policies; this is very relevant to our future. The private sector is aware that Mexican health needs strengthening, as the next ten years will be difficult. We must work more with the government to strengthen public-private collaboration to benefit the Mexican population.

The company's leaders face a huge challenge to bring about change, as it could mean moving their companies from the center. The two most important issues are patient-centrality and the focus on health over disease. We need information analysis, digitalization, and an articulated system to shift the focus from curing patients to keeping them healthy. And ours is an extremely fragmented health system. The information is scattered around; there is no common platform for hospitals, laboratories, or doctors. We urgently need interoperability.

EF: The Consortium represents hospitals in twenty-five Mexican states. How do you assess the level of access across Mexico so a patient in different regions can have the same access?

JP: According to the insurance sector, only 7% of the Mexican population has private insurance, and we all agree that this is a fairly correct number. But this indicator can be misleading because Mexico City probably has 15 to 20% insured, while in Oaxaca, only 1% of the population has access to second-level private healthcare, including hospitalization. The model is even more negligible in the first level of attention for general and specialized practitioners, laboratories, etc., saved only by the pharmacy consulting rooms, which offer complete access to the first level of attention nationwide. Pharmacy consulting rooms attend more of the population than social security; unfortunately, they are not an articulated part of a system. On the one hand, they offer affordable, fast, easy access, and the quality is not an issue. But the continuity of attention is broken when the patients have to be referred to the next level (specialists, tests, etc.). *Mexico has to create integrated models for financial, medical, and diagnostic specialists to make it easier for the patient to access health nationwide. From a hospital standpoint, we have not managed to develop low-cost products. It is possible, but the insurance companies resist the idea due to the existing problems between insurers and hospitals regarding major medical expenses insurance. A challenge for 2023 is health access through financing; financing and health access are currently basic needs for Mexico. Mexico City, Monterrey, and Guadalajara are not an issue as insurance coverage is much higher. Still, we must create products for the rest of the country to reduce out-of-pocket expenditure and avoid people risking their assets when they need to access a hospital.*

EF: How do you assess the future of hospitals, and what is the Consortium's role in their evolution?

JP: Currently, technology is not an issue; telemedicine, for example, has been around for the last ten years. The problems reside in the health and hospital models. Once we have the model, we can adapt the technology, but it is very hard to implement if the business model is unclear. These circumstances have delayed technology implementation; for example, electronic health records have been around for about 15 years; however, implementing them in Mexico has taken forever. Mexico does not understand the reason for having EHRs. We have gone from documenting on paper to a computer or cloud, with the data kept the same way as on paper. There is no sharing of the information or using it to benefit patient attention. I believe the future of hospitals will mean reformulating the operative models of the health sector. Based on the tools technology provides the hospitals and the health systems of the future depend on clearly defining the business model, operations model, and technology implementation. We urgently need data, better-designed services and products based on the population's needs, and improved communications, all of which technology can provide. There was a boom in telemedicine during the pandemic, but it has faded out with the pandemic over. It was a great tool when face-to-face was not feasible, but we could not provide an efficient attention model for it to be more effective, making it a poor example of implementation. *Mexico does not have an integrated application with all systems and health services, another example of Mexico's lack of articulation in health services and making technology less effective. The tools exist, and we must work hospital by hospital, financing and resources must be found to move forward with technology implementation, creating virtuous circles for the patients.*

EF: Is there any final message you would like to share?

JP: *My final message is a call to integration with all the sector players working to reach our final objective: the patients and new health models for the Mexican private sector to be a reference in health for the upcoming generation.*

Eduardo Verboonen Khoury

Co-President
Hospitales MAC



EF: From your perspective, and considering the hospital group's viewpoint, how do you perceive the year 2023 in Mexico? Do you view it as a year of challenges or opportunities?

EVK: Indeed, it is a combination of both challenges and opportunities. Our primary focus is to address the health challenges faced by individuals and provide them with the necessary support. Sometimes, this leads to opportunities, but our motivation lies in serving the people rather than merely financial gains. We aim to expand and reach more cities because we believe that people require access to high-quality and affordable healthcare. This dynamic mix of challenges and opportunities is not unique to Mexico; it exists in the macroeconomic environment worldwide. Mexican people have shown great resilience in navigating these complexities.

EF: Could you please provide more details about the extensive footprint your hospital group has in Mexico and explain the significant role you play within the healthcare ecosystem?

EVK: Every day, we are striving to expand our presence to more cities. Currently, we have 20 hospitals running, and many more are under construction. *By the end of the year, we expect to be on par with or even ahead of the number one healthcare system in Mexico in terms of the total number of hospitals. Our goal is not limited to major cities with existing high-quality healthcare; we aim to bring affordable and top-notch medical services to smaller cities, where people often have to travel long distances to access quality care.*

We currently have 20 hospitals located across 17 cities and are about to open in even more regions. The focus remains on prioritizing the needs of the people in these areas. The strategy has proven successful so far, and we are delighted with the progress. We firmly believe that there are exceptional doctors in every city across Mexico, and by providing them with a platform that includes high-quality systems, advanced technology, and efficient processes, we can empower them to deliver even better healthcare to their communities. *Our collaboration with these talented medical professionals and our investment in state-of-the-art facilities and technology has resulted in a fruitful partnership.*

Over the last 15 years, we have grown from a single hospital in the heart of Mexico into a significant healthcare player. Last year, that first hospital was ranked 1st place of all the hospitals in the country in the small and mid-size hospital category. We are incredibly grateful to our dedicated doctors and medical staff who have contributed to this journey. Their expertise, combined with our infrastructure and processes, has truly been a match made in heaven, enabling us to provide top-notch healthcare to the population in smaller cities and towns across Mexico.

EF: Could you provide further details about your recent partnership with General Atlantic and how you foresee this partnership increasing accessibility to healthcare in Mexico?

EVK: *We are thrilled about our partnership with General Atlantic, as they are the right fit to propel us to the next level. With their support and advice, we envision growing 2x or 3x in the coming years. Their investment of approximately 160 million USD (around 3,000 million pesos) is vital, but it is not just about the money. Their belief in us and our mission to improve healthcare accessibility in Mexico is incredibly motivating.*

EF: How do you assess the current emphasis on treatment over prevention, and what steps is the Hospital's MAC taking to promote a more preventative approach to healthcare in the country?

EVK: I believe prevention is essential not just for Mexico but for every country. It is cost-effective and necessary for the healthcare system. Our hospitals' sizes reflect this approach, focusing on future trends where people take better care of themselves. We prioritize prevention through talks and collaboration with insurers and companies, promoting healthier lifestyles for the workforce.

Our Hospitales MAC Foundation supports sick children and emphasizes prevention. *By investing in prevention, we handle cases that require advanced technology more effectively. Hospitales MAC is well-equipped with cutting-edge technology, comparable to renowned institutions like Houston's Methodist Hospital, or even better. Prevention is key to our success in healthcare.*

EF: How do you evaluate the utilization of technology in your hospital, especially considering your previous role as the director of innovation? Are your physicians eager to embrace it?

EVK: *Demonstrating the effectiveness of technology is crucial, not just to physicians but also to the wider population. It is not about flashy features; it is about the real impact technology has on patients, our workforce, collaborators, physicians, and their families. Let me illustrate this by tying prevention and technology together with an example.*

“ Demonstrating the effectiveness of technology is crucial, not just to physicians but also to the wider population. ”

During the COVID pandemic, we used technology to sort patients and guide them to appropriate care. We partnered with a FinTech company to create a transparent, user-friendly algorithm to assess symptoms and direct patients to the right hospital or home care. This tool was freely shared with all hospitals in Mexico, public and private, proving that innovations can happen rapidly, even in slow-moving sectors. Through technology, we monitored patients remotely, provided vitamin kits, and prepared hospital beds in advance. As a result, our mortality rate during the pandemic was impressively low at less than 4%. Technology and prevention work hand in hand to save lives.

EF: As you celebrate 15 years of existence, reflecting on your journey, what would you consider the most significant milestones or achievements during this period?

EVK: Our biggest achievement was building the first hospital based on personal experience. Miguel's determination to provide better healthcare drove us. The second milestone was embracing the name "Mac" to symbolize our expansion beyond Celaya. Let me share something openly. Our name, Mac, originally stood for "Medica Avanzada Celaya," with a sole focus on Celaya.

However, we had a pivotal moment when we realized it was not just about Celaya; it was about being "contigo" (with you) for all of Mexico. That shift led us to acquire the hospital in Aguascalientes and change our name to "Medica Avanzada Contigo." We aimed to serve more people, marking a significant milestone. *In 2016, Acciver and PineBridge venture capital's trust boosted our institutionalization, propelling our growth. From four hospitals in operation to 20 in just seven years, we are now looking ahead to the next milestones.*

Pablo Bufano

Managing Director
Dräger Mexico



EF: In the post-Covid times, executives must deal with a complex world. How do you visualize 2023? Do you see it as a challenge or an opportunity?

PB: There are always challenges, but despite this, we expect growth. We have grown in Mexico over the last five years in double digits and think the trend will remain the same. We will have opportunities to reach out to the market.

EF: Last time you met with Executive Forecast, you spoke about your five-year strategic plan for Mexico to duplicate volume from 2018 to 2023. How do you assess the progress of this goal, and what are your plans for the next five-year period?

PB: Regarding the previous five-year plan, we accomplished our goal, doubling the volume since 2018. Now we have a new strategic plan –from last year till 2030 – which includes much more growth. We want to be one of Mexico's big players. *We are already in some units, but we want to replicate this success in all the customer segments. We now provide integral services and work on growing that side of the business, finding new market areas to offer our services and knowledge –a complete solution around the devices. We have expertise in this area as we cover the whole chain of integral services we provide to hospitals: device production, servicing, consumables, and continuous education.*

EF: Dräger is a world giant with a presence in about 40 countries, but what is the importance of Mexico to the global company?

PB: We have become much more important to the group than in the past.

“ Our excellent results, company growth, and the Mexican market have demonstrated that we are worth the investment. ”

We want to prove that Mexico has a market that the company can focus on at a global level. Over the years, we have got more and more support from the global company to achieve even bigger goals. What has been done in Mexico is replicated in other countries where Dräger has a presence, and we are exporting talents to other subsidiaries and headquarters. With all of that, we put Mexico on the map.

EF: Supplying hospitals with the best technologies entails training and educating physicians on the effective use of the devices. Could you elaborate on Dräger's initiatives in this area and their impact?

PB: We do a lot of virtual training and education, which started during the pandemic, and we have kept it up. We offer online training sessions on using and managing our devices and technology. We organize congresses and include, for instance, training in critical areas, which include perioperative rooms and intensive care areas (Neonatal, pediatric, and adult). Last year, we organized a “Dräger Day” in Chiapas, showing the attendees the wide-ranging uses of our devices. We do this every year by going to different Mexican cities, always on a face-to-face basis. Usually, the devices are used at 50 or 60% of their potential, so we try to encourage doctors and technicians to use the machines at full capacity to help them in their professional activities. We are measuring on a bi-yearly basis the customer satisfaction index with more than 150 interviewed by a consulting firm, and for more than four years, our Academy Department has obtained the N° 1 position, which makes us really proud.

EF: How do you feel about collaborative work among stakeholders? Is a collaboration between the government, MedTech industry, foundations, hospitals, etc., needed to advance the industry?

PB: We are affiliated with AMID, and there, we see much collaboration between the industries. The industry collaborates with the government, although in some cases, there are delays in the approval of entering new products into the country. But we are working on it, and they are trying to speed up the processes, which can be considered collaboration, but more could be done in this area. It could be improved, but common spaces exist, and we are happy to have at least this much.

EF: Dräger has achieved impressive growth in Mexico. Which areas are driving the most growth?

PB: Service for all portfolios is our main focus. Our traditional service includes a contract with the customer whereby we maintain and repair the devices; we always encourage the maintenance and repair contract. The contract is important for the government because the machines are expensive. It is not a good idea to have the devices repaired by people who need to learn them well because they could end up with only eight of the ten machines working and losing on their investment. *We can ensure a much longer life for the devices they buy. Three years ago, we started an integral services initiative, mainly with small private customers, to perfect our expertise and not take on too much in one go, a practice run, optimizing processes with an innovative approach to be more competitive.*

We have started working with the government (public sector), providing integrated services for the operating room and the ICU, which is new for Mexico. We are the only ones who offer integral services for infants and adults. We bill the hospital for the days the patient stays in the ICU. The hospital benefits because they don't have to invest in devices, consumables, and services and only pay according to the patients that need it. We have now started renting devices to hospitals when their demand peaks, for instance, more ventilators in winter or certain devices for their neonatal intensive care unit when it is full. We also offer consulting services for remodeling an area in a hospital; we have a team of architects who know all the Mexican hospital norms and regulations. Suppose a client is building a hospital or remodeling an area; our consultants can advise on a better hospital flow, where to put the operating room, or how to set up the ICUs, making it easier for the nurses to work.

We are looking to grow in areas where we can help hospitals. When working in small or public sector hospitals that need investment but lack the budget, we assist them by connecting them with institutions that organize donations. *We work with non-profit organizations, and we can help in this area. Working with small private hospitals all over Mexico has worked well for us. We offer good financing options for the latest technologies.*

EF: How do you attract top talent to your company and retain it in a competitive market?

PB: We offer a competitive package to people who start working in the company, although that is standard in our industry. Once in the company, we provide training programs and are transparent, informing what is happening. *In Dräger, our staff can have a career in the organization; there are opportunities for growth in any of our two Mexican companies. Growth is a key driver that makes Dräger attractive; our people can fill different positions in services, marketing, or academy if they like training, or they can work abroad. We offer many opportunities for personal and professional growth; some employees moved last year from Canada to Germany, and we have some collaborators who have taken roles in the Latin American region. So we are exporting talent!*

Rogier Jia

General Manager Latin America
Mindray



EF: Do you see 2023 as a year of challenges or a year of opportunities?

RJ: I think every year is a challenge and an opportunity. After the pandemic, I was given the opportunity to visit different customers in the public and private sectors. I found that we are all facing the same challenges. Most of the hospitals I visited post-COVID had low efficiency. There are complaints about a lack of human resources and a lack of budgetary support. There are a lot of challenges within the system.

In the LATAM region, civilian healthcare needs have increased significantly because everyone is now more conscious of their health. Mindray is not yet a so-called "giant," and we are still working on how we can help the countries we operate in. *In the long term, we are promoting our philosophy of "the best healthcare for all," which means we care about all levels of healthcare. We are trying to see how we can help hospitals improve their efficiency by enhancing connectivity and organization growth with our solution. We also help physicians improve the speed of their diagnostics by integrating multiple pieces of information on the same screen.*

We have a lot of innovation on the technology and connectivity side. We wanted to do this pre-COVID, but it was postponed as all efforts were focused on battling the pandemic. *We work with different hospitals and universities to support their education programs. From a fundamental perspective, Latin America is different from other regions like the US or Europe, where they have a lot of doctors but fewer nurses. LATAM needs more doctors. We are working to create more efficient training programs and a guideline for all LATAM countries to show them different ways of practicing. This is a part of our social responsibility as manufacturers of medical equipment.*

Mexico always has complicated situations in the market. Mindray has been highly recognized and recommended by customers in the private healthcare sector. The public sector is now more open to Mindray, thanks to the endorsement by private customers. We see this as an opportunity to cater to the public sector and capture that segment.

EF: Could you elaborate on your portfolio, your footprint in Latin America, and how it has evolved since you entered the market in 2007?

RJ: Mindray sells its products mostly through distributors. That is how we started. We then opened subsidiaries and localized our operations. We had local teams that worked together with distributors to partner with them and guide them to meet customer needs. At Mindray, our focus is on how we can help society improve the quality of life of patients and medical clinicians. Mindray regards its customers as the most important element of its operations.

We have to guide the distributors to work in a more standardized way to improve their professionalism internally. This helps customers view Mindray and our distributors as the same entity. We want to guarantee the quality of the service, the quality of the installation, the quality of the education and training, and the quality of their after-sales service.

We opened our first subsidiary in Mexico. We followed up with Colombia, Brazil, Peru, Chile, and Argentina. We are planning to open subsidiaries in Panama and Ecuador. Once we establish subsidiaries in all the main countries, we will focus on further localization.

EF: COVID-19 highlighted the importance of local manufacturing and shortening supply chains. Are you planning on establishing a manufacturing facility in Latin America?

RJ: *We want to go beyond establishing a local manufacturing facility. We also want to focus on localized training systems. Manufacturing and warehousing are about improving the supply chain. These are important goals for us, but they are not urgent. We already have three warehouses in different countries. We have warehouses in Mexico, Colombia, and Brazil. We also stock spare parts for service with our distributors. I think our current systems can support the operation and business growth. I can confirm that we are exploring opportunities to do local manufacturing and improve logistic efficiency.*

EF: Do you use your global network for the training of physicians and healthcare staff?

RJ: *Mindray is leveraging its network for academic study. We have a good presence in the US, where the top ten hospitals use Mindray solutions. We have strong connections with the customer in the US. We want to create a platform or a bridge for the different physicians, clinicians, and customers where they can have a chance to jump out of the box and check how other countries do things. As a manufacturer, we understand that we have no right to tell them what is right or wrong. It's better for them to discover this for themselves because different hospitals in different countries have different situations and targets.*

EF: What is Mindray doing to promote a preventative approach with early diagnostics, and how do you see this evolving in the upcoming years?

RJ: That is a challenge that we are currently facing. When I look at other countries, small groups of the mid-high-income population in Europe and the US have access to systems focused on prevention. We are trying to move towards a preventive system but are facing a few challenges. Firstly, we need to educate the public on how to take preventive measures and why it is important to do so. To cure a patient is not just to cure a disease, it is to ensure the quality of their lives. We are encouraging medical institutes to manage health care services for the whole life cycle.

Although this is difficult, we are running programs to help our customers learn about prevention. We are using technology, such as our ultrasound system, to encourage early breast cancer diagnostics. We also have laboratory systems, such as tumor markers, to assist them in doing so. We are also trying to use new ways to cross-check samples for faster diagnostics in the early stages.

We won't be able to convince all our customers in Latin America to take preventive measures to guarantee their health, but we are trying to promote these preventive ideas to governments across the region. We are currently engaging the Chilean government to see how we can help each other. Adopting a preventive approach in LATAM countries will be challenging. Diagnosing a disease in the early stages could be more efficient than curing it in the late stages. We need to determine how we can do it and what kind of technology is needed. We also need to determine who will do it because there is a shortage of good doctors in the region. Our telemedicine system could help doctors do quality control. The access situation in Latin America is imbalanced at the moment. Big cities have good doctors, while small cities have fewer. We are working with different stakeholders to find a solution to these problems.

EF: Do you have any final messages for our readers?

RJ: I've been working with Mindray for 15 years, and I really love this company. Innovation is not just about technology; it's about how we see things and how we do them. *We are 100 percent focused on the customer's needs, and we are always striving to do better. This is important to Mindray and myself. Patient-centricity is embedded in the company's DNA.*

Joao Carapeto

Country Manager
Roche Diagnostics, Mexico



EF: One year ago, you moved from Slovakia to Mexico. When you arrived, what mission did you set for yourself, and what did you want to achieve in this new role?

JC: I am motivated and driven by the need to make an impact. I believe in continuous learning and having an impact on society through disease prevention, early diagnosis and treatment, and personalized healthcare. Ultimately, we want to leave society better than we found it. I also believe in having an impact on the people I work with and those around me. Regarding having an impact on society and patients, we focus a lot on access. Mexico has challenges when it comes to accessing healthcare for most of its population. Roche Diagnostics currently covers around 35 million patients in Mexico. *This year, we are aiming to hit the milestone of 37 million patients. Our target for 2020 is to reach 50 million. These are not just numbers, they are real people that we actually reach out to with our diagnostic tests. Furthermore, the benefit of these diagnoses will also be reflected in their families and in their society. There is a multiplier effect there. That was one of the main drivers when I came here and will remain the main focus while I am here.*

EF: Mexico is seeing regulatory and political challenges while also seeing great opportunities in the macroeconomic climate. Do you see 2023 as a challenge or an opportunity?

JC: I see 2023 as an opportunity. Despite some of the uncertainties that you alluded to, I see an increased commitment from the public and private sectors to prioritize health. There is some macroeconomic stability and tailwind with nearshoring, which helps fund the system, and there is a huge demand for unmet clinical needs in many different areas. For example, 220,000 Mexicans die each year of preventable heart-related diseases. In oncology, a woman in Mexico dies of cervical cancer every two hours. *This is a preventable and treatable disease when it is detected early on. There are unmet clinical needs, and there is a will to meet them. I am optimistic because the desire to meet these needs is growing in the private and public healthcare sectors.*

EF: Focusing on prevention allows for better resource allocation. How is Roche Diagnostics working towards this in Mexico?

JC: *All the markets I have worked in focus more on treatment than prevention. I see a lot of opportunities in Mexico to increase healthcare gains through improving life expectancy and reducing costs through prevention in many areas. Breast cancer is the leading cause of cancer death in women. As a comparison, in more developed countries, mortality has decreased by around 40 percent in the last 30 years because 60 percent of the cases are detected early on. In Mexico, only 35 percent of the cases are detected early. When breast cancer is detected early, the survival rate in the first five years is almost 100 percent, but if it is seen only in the latter stage, only three women out of 10 survive in the first five years.*

EF: Please elaborate on the role that diagnostics play in the personalized medicine sphere, and how do you envision the future patient journey when everything comes together?

JC: Regardless of whether we are talking about non-infectious disease, metabolic disease, oncology, or women's Health, the solutions for all these healthcare issues start with and depend on diagnostics. Early diagnostics are of the utmost importance. For example, in breast cancer, beyond the reduction in mortality, if there is early detection, there is also a reduction in economic costs for the health system and social costs for the whole community. Many studies have proven that if an oncological disease is diagnosed in the early stages, the treatment is two to four times cheaper than if it is detected later.

Regarding personalized therapies, there have been advances in the knowledge of molecular biology and sequencing. For example, we have learned of different mutations in different types of cancer. If you can diagnose and identify what mutations you have, you can administer the right treatment. This increases the effectiveness of the treatment and reduces the mortality rate.

Roche is an integrated healthcare company combining its knowledge and assets from diagnostics and pharma perspectives into one integrated solution.

EF: How are you using technology and AI in Mexico, and how do you assess their reception and adoption by the physicians there?

JC: First, we must realize the complexity of the healthcare challenges in Mexico and elsewhere. Diseases are becoming more complex. There is also a scarcity of human and professional resources. The healthcare system cannot continue to work in its current state. This is where technology and artificial intelligence play an important role. This is not unique to Mexico. A study found that, in the US, health information technology interoperability can cut health costs by \$30 billion USD.

There are solutions to counter this system's interoperability. For example, recently, Roche launched navify® Algorithm Suite, a single platform hosting a library of digital medical algorithms that generate patient-centric insights and can aid in earlier diagnosis of cancer or other conditions per the intended use. Our information as patients is fragmented across the system, and this is seen when we go from one healthcare provider to another. Roche's solutions allow for quick access to patient data end-to-end for the healthcare providers that use them.

Roche came first in the Pharma AI Readiness Index among pharma companies, but we know indexes are irrelevant if the technology can't reach the patients. In Mexico, our AI solutions can be used to improve insights from a lab and how lab operations are conducted. This increases efficiency and the quality of results. We already use technology and AI to support healthcare professionals in making more accurate clinical decisions. For example, we have AI algorithms that we use for breast cancer and lung cancer diagnosis. These algorithms help pathologists identify what they are seeing.

We also have algorithms that are based on the longitudinal data of patients. This data helps compare patients in similar situations and suggests what should be done for a particular patient regarding the clinical pathway.

In Mexico, healthcare professionals are keen to adopt technology but also have reservations. Roche Mexico is at the forefront of the adoption of digital solutions worldwide. Mexico is not a follower; it is in the leading pack regarding digital solutions because our partners here trust us to push for digital transformation.

EF: If you had to leave Roche to create your own startup business in the Mexican healthcare system, what would you create?

JC: *It will probably be at the intersection between the integration of care and digitalization. Healthcare systems are extremely fragmented. Digitalization can be a huge enabler to increase efficiency in the system and maximize healthcare gains.*

EF: If you had to create a road map for the diagnostics industry in Mexico for the next five years, what would your three pillars be?

JC: *The first pillar is about the integration of diagnostics solutions with an emphasis on efficiency, lab infrastructure optimization, and bringing new medical solutions. The second pillar is premised on decision-support tools for healthcare professionals. The third pillar would focus on disease prevention and disease management, especially for chronic diseases. These are the three layers on which Roche Mexico is working to make a significant impact.*

EF: Do you have a final message for our readers?

JC: My final message is an invitation to collaboration. As I said earlier, no one is self-sufficient. Roche is looking for partners who have the same vision and want to contribute to a common mission to increase access, adopt innovation, focus on prevention and disease management, and optimize the healthcare system in a fully ethical manner. It is not easy at all, but we are positive that this can be achieved and look for partners.

Jesse Damstra

General Manager (at the time of interview)
Philips Mexico



EF: 2020 was the year of diagnostics, 2021 the year of vaccines, and 2022 the year of rethinking healthcare and bringing patients back to care. What do you think 2023 will be a year of in Mexico?

JD: The last couple of years were centered around Covid recovery, which brought an influx of investments into the Mexican healthcare infrastructure. 2023 will be the year of digitalization, categorized into two dimensions. Several established hospitals and companies have yet to commit to digitalization and data services fully. Secondly, as an industry, we need to create a favorable environment for new start-ups to succeed and for skill growth to scale up.

To fully digitalize the healthcare industry, we must be more digitally aware, savvy, and willing to adapt. Artificial intelligence, digitalization, and data management create an efficient and effective workflow, making digitalization the leading trend globally. This year will mark the beginning of digitalization in Mexico.

EF: How do you assess the progress of the goals you set for yourselves, and what else does this year have in store for Philips Mexico?

JD: The Mexican healthcare system favors financially stable people with premium healthcare insurance. There are no waiting lists if you have access to the private sector, and most private hospitals offer premium healthcare services comparable to or even better compared to European Countries and the USA. Unfortunately, in the public segment, this is different. The majority of people are dependent on public healthcare services. As a result of this, the system gets overloaded more easily, resulting in longer waiting lists, etc. Despite this, public healthcare services in Mexico are good, and the public sector generally buys premium equipment. This is remarkable compared to other countries in the region.

Driven by key trends such as aging, a fast-growing middle class, chronic disease, unhealthy living habits, staff shortages, etc., the healthcare system will likely get under more pressure. The healthcare system requires innovative solutions to meet the increased demand of the fast-growing middle class.

Indications showed the beginning of digital transformation, mainly related to electronic patient records 2022, we sold our first Electronic Patient Record system to the public sector, which we will be implementing in 2023. As a result of that, digitalization in the public sector is starting to take off.

Since last year our goal has been to increase access to care. Expanding our product and technology footprint is the best way to increase access. Our top priority is to provide premium technology. We will continue improving procedural treatments by quickening them while maintaining their quality. Last year we made much progress despite the global supply disruptions. We won 3% of the market share, propelling us closer to where we envision. For collaborations between the public and private sectors, all the stakeholders need to step up and make the partnership a reality.

EF: Could you elaborate on the difference between the public and private sectors? How do you assess the sectors regarding the latest technologies, and what can be done to change that?

JD: There aren't many differences between the sectors regarding equipment adoption. Both sectors buy mid to premium-quality MRI scanners, CT scanners, etc. The main difference is in informatics or software businesses. The public sector has slower digital adoption due to the complexity of different processes. The private sector can decide what to buy while the public system undergoes a tender procedure. Transparency and purchasing justification are required when equipment or digital tools are purchased. Usually, in a tender bid, the equipment with the lowest price is awarded the tender. In informatics, it's difficult to compare different technologies and solutions, which makes it complicated for public tenders.

EF: How do you assess interoperability in Mexican healthcare right now, and what would you suggest as steps to improve this and increase the collaboration of data?

JD: *The challenge of data management and interoperability is the same worldwide. The interoperability solution is to create more open-source platforms. These are platforms where individual companies can produce applications, integrations, and plug-ins to further expand the capabilities of a platform.*

Two main challenges need to be solved. The first is data sensitivity. Many software systems manage patient data. They are private for security and confidentiality reasons. The second challenge is the technology itself. Digitalization is just beginning to dominate the industry, which has created a competitive environment. Everyone wants to be the first to deliver the best solution. However, many companies fear using open-source platforms because they believe others will copy their solutions.

Tasy, the EMR solution we sell in Mexico and other countries in Latin America, is becoming a more open-source solution. We have begun working with start-ups in Brazil to develop apps and integration plug-ins in the EMR solution to make it more interoperable. Interoperability is key to improving efficiency in the system. Real digital transformation integrates and plugs all brand and hospital solutions into the same data. It will take some time to get to the same level as other industries.

EF: If interoperability is the key to success in efficiency, how do you assess the need for collaboration among stakeholders like the government, MedTech, and other companies in the healthcare industry?

JD: It takes time to complete all the required paperwork before you are admitted or attended to in a hospital. There are no electronic records of anyone's medical history or insurance coverage, and this is all the information they ask everyone when they are admitted. The process is so long because it is all paper-based. If an app or document linked to an EMR system is created, all people must do is scan their QR code or app at the hospital to get admitted. The QR code or app will have all your information, medical history, and insurance coverage. The same code or app can give you access to digital pharmacies. The app can go as far as to track your medication intake and keep your doctor informed of your condition. *There are smartwatches, electronic medical records, digital pharmacies, and telehealth. All these apps are available individually. It is just a matter of integrating them all into one. The next billion-dollar company in Healthcare is going to be the one that is connecting all the dots, but to succeed, it will require an industry change in which data is secure but shared.*

This is something a company does not have to create from scratch. *The only way to integrate it all into one is to create an industry standard of integrating data management and patient flow between the different systems in the healthcare industry. I am optimistic and pessimistic at the same time. It is possible to create an integrated approach. However, the biggest issue we will have to resolve is the number of steps we need to take and the number of different service and solution providers at each stage. The only solution to this integration is to have all the companies make their solutions fully open-source. The only other way to solve this is to create an AI solution that automatically integrates everything.*

Besides, hospitals will need to work on simplifying processes throughout the hospital. The amount of paperwork the average nurse has to maintain and fill on a daily basis is crazy. This should all be app-based and digital.

The lower adoption rate is why the systems are less integrated than the other sectors. I believe this is related to data sensitivity. No one wants to share their patient data with other profilers. Blockchain has true potential as a technological tool, but there has yet to be a real-use case within the medical industry. It is currently being used in the supply chain and can be used in healthcare to protect and track patient data.



Bruno Valera

Founder & CEO
Medikit



EF: What opportunity did you see for this technology in Mexico? What is the inspiration behind the company?

BV: Different countries have different health systems. In countries like Canada, all healthcare is connected. The United States has a regulated service where they exchange data between doctors and pharmacists. In Mexico, we do not have any of those systems. *To solve complex solutions between healthcare providers, pharmacies, and laboratories across Mexico, we created a multisided integration platform.* There is chaos because of this lack of integration capabilities. To address this, we created an ecosystem where virtually everyone can connect. You do not have huge budgets to integrate into this ecosystem. It doesn't matter if you are a small startup with 10-20 doctors in your network or a big Insurance Company; you can easily create a project with major pharmacy chains nationwide. And you can do the same if you are a. We wanted to eliminate the barriers between health connections in Mexico, which we have done for the past four years.

EF: From the perspective of Medikit, do you see this year as a challenge or an opportunity?

BV: It is a very particular year. During the pandemic, many resources were designated to resolve a specific issue in the healthcare system. However, there were no strategies for that budget. Between 2021 and 2022 these companies, hospitals, pharmaceuticals, and stakeholders in the healthcare system were redefining these budgets, thinking about where they are headed in the future. *This is going to be a very relevant year because we have many big companies with a lot of money in their hands who do not know how to solve these problems, and at the same time, we have a lot of innovative small companies with a lack of funding. We will see a market consolidation, especially in the technology healthcare sector.* We will see a few minor players developing big projects. The small companies will accompany these big companies. It has been happening over the last year, and 2023 will be very interesting to see how they consolidate.

EF: Your platform is innovative and solves a critical issue. How do you transform this idea into market disruption when you approach clients? What is your pitch to them?

BV: *A new line of business is developing in the healthcare sector. Usually, we see e-commerce or solutions to digitalize healthcare services, but that is just a fraction of what you can do in healthcare.* We want to allow all our customers to expand their business model. You may be an insurance company wanting to lower your medication expenses. You may be an auditing company and want to see how your pharma prescription behaves in the market. Each of these objectives is unique. We want to facilitate achieving these goals using a simple integration platform in the healthcare system. *Over the past few years, we have been known for being the creator of electronic prescriptions in Mexico, but we are much more than that. We allow you to develop your business models, connecting your services with all the pharmacies, laboratories, and points of sale in Mexico.*

EF: How do you assess technology adoption in healthcare in Mexico? How are you challenging these difficulties?

BV: It is not that we do not want to adopt technology. There is a lot of willingness. However, *technology must benefit the patient, and so far, we have not been able to translate technology into benefits, which is the primary challenge.* The most important thing we need to achieve for the patients is decreasing the cost of health access. *There is over 50% out-of-pocket cost in Mexico, which is incredibly high. Adoption will be faster if we can define real benefits for doctors, healthcare professionals, and patients.* Monitoring the new regulations established in the coming year will also be necessary.

EF: In Mexico, the amount of out-of-pocket spending in Mexico is a big issue, and that is one of the issues that Medikit is trying to address. Can you elaborate on what Medikit is doing to reduce this cost?

BV: When we started this company, we knew technology had to be a primary factor in our business. We started the platform integration service, but that was not enough. *We wanted to commit ourselves more to helping the country, so we defined a condition for every partner who wanted to integrate with us. If you are going to integrate with the Medikit system, you also have to provide special prices for the people connecting to this ecosystem.* Right now, the pharmacies offer between 5% and 10% discounts on all medications. Our promise to our clients is that they will pay less than if they use traditional paper prescriptions. We made that decision because the cost of prescription medication is a significant barrier for the Mexican population. That is our small contribution to helping to resolve this problem.

EF: Could you elaborate on how you are leveraging the "Mexican HealthTech Association" space to advance the industry and enhance collaboration?

BV: These associations are trying to solve the surrounding issues around regulations in healthcare. I do think this association will help with this. They will be key stakeholders in the decisions made in 2024.

EF: The pandemic was an inflection point of the adoption and acceleration of technology. In this post-pandemic era, how can we show that we capitalize on the learnings of the pandemic to create a more unified and sustainable technology system that works for the benefit of the patients?

BV: We saw a significant increase in the use of EMR and the increase of electronic prescriptions during the pandemic. But as soon as it started to end, we saw a decrease in their use. We now know what we are missing, but we are just beginning to take steps to solve it in the long term. *Many companies started using many different digital tools to solve the immediate problem that the pandemic presented. However, it was not part of their strategy but an in-the-moment decision to implement, given the circumstances. Now, we do have a strategy and a path to follow.* It goes back to growth processes. We have an 18% yearly growth in the use of electronic prescriptions. We know how to solve the issues that doctors face and make better decisions for the patient, and it is just a matter of time before Mexico will be in a connected ecosystem. There was an issue that we had because of the pandemic: many venture capitalists started seeing healthcare as an industry to invest in. We saw a tremendous amount of cash flow injected into this market. However, there was a lack of direction, so a lot of money was thrown away over the past couple of years without apparent results. Now, we are seeing a setback in how these health companies are being funded, and this is a big issue for the industry in Mexico because funding is a critical factor in solving this problem. It is important to know that healthcare is not as fast as fintech, and you do not see results overnight. Healthcare is slow, and it is supposed to be slow. It needs to take calculated steps toward connected health.

EF: Looking beyond Mexico and towards the future, to what extent do you plan on expanding further across the globe? Do you see a market for your services worldwide?

BV: We see many health tech companies being created worldwide right now, and they need to not only know the market in the country where they were created. If I created my product for doctors in Mexico, I could adapt my product to serve doctors in Chile, Argentina, or Guatemala. What we are doing right now in the health tech sector is thinking about regional services. *Many companies from other Latin American countries have been migrating to Mexico because of the out-of-pocket expenditure and the percentage of the population who does not have access to insurance. Once we integrate with those companies here, we can move to increase our operations in their countries, too.*

Chapter 5

Roadmap to the Future



Roadmap to the Future

2023 is a year to look ahead; companies are consolidating, creating long-term visions, and looking firmly toward the future, but how will they get there?



Agustín Zabulanes, Country Director, Boston Scientific Mexico

Create Trust - among all private and public stakeholders. We must agree and commit to long-term goals, be transparent, and consider the individual benefits and the results for the system overall; this is the key to value-based medicine.

Patient-centricity - Physicians and healthcare companies need to recognize that patients are increasingly knowledgeable and empowered; they deserve transparency and to be treated as important stakeholders in their own healthcare.

Collaborate and Build Communities - I see the world as a closed system affected by our decisions, with positive and negative impacts and multiple trade-offs resulting from our interactions. As Francis Fuku-

yama mentions in his book TRUST, "the most effective organizations are based on communities of shared ethical values."



Omar Lugo, Country Lead Mexico, UCB

Technology - must be a pillar; it has evolved enormously in recent years and will develop further. The interconnection between wearables will progress in the future.

People - The new generations must unlearn what we have learned to have the space to adopt new concepts and ideas.

Capacity to learn - To succeed, we need to be able to keep learning regardless of age. People's capacity to learn will drive innovation.

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**Guy Savoir, CEO, Carnot**

Infrastructure – we must ensure the necessary infrastructure is central, strategic, and protected; basics must be covered.

Multilateralism – having the appropriate international trade and regulatory links for trade. For Mexico, this means consolidating what has been happening in Latin America and significantly expanding at a NAFTA level.

Innovation – for the next twenty years, not for today. We don't want Mexico to become a contract manufacturer for foreign technology but to have the necessary innovation platforms allowing Mexican innovation to be brought forward.

**Alejandro Bonilla, GM México, Faes Farma**

Team: Aim for those who are committed and believe in your vision – they bring out the best.

Data: Gather ample information to make informed decisions from various sources.

Strive for excellence: It's not just about having the best product but also delivering exceptional service that sets you apart and captures the market's attention.

**Michele Ingravallo, CEO, Farmacias Benavides**

The foundation of a successful leadership journey.

Purpose: Having a supreme aim that gives direction and inspiration to others is essential for effective leadership, providing a guiding light for us and those around us.

Listening attentively is a powerful tool often overlooked in leadership, yet it plays a vital role in building connections and understanding others' perspectives.

Transformational mindset: A forward-thinking approach mindset allows us to adapt and drive positive change in our organizations and beyond.

**Mariano Rozada, Head Upper LATAM & GM Mexico, Glenmark Pharmaceuticals**

Focusing on Core Therapies – some products need investment, and the ones we already have, which are great, need promotion.

Innovation – through new product launches or by identifying the leverage points in the value chain where we can make a difference, such as providing better service, go-to-market strategies, and other topics related to the product.

Commercial and Operational Excellence – one Glenmark, one team, with a sense of belonging, which in Latin America is very important.

**Juan Puyo, GM Mexico, Merz Aesthetics**

Creating a Strong Culture and Environment – This is fundamental. It depends on people giving their best in the day-to-day.

Our Values – Persist in innovation, commit to customers and colleagues, and deliver trusted results.

Understand the Trends and Market – We must constantly reevaluate every aspect of the company. This is the key to success.

**Vidit Gupta – CEO & Co-Founder, Elevar Salud**

Decentralizing Healthcare – allowing access to quality healthcare beyond major metropolitan areas. While achieving complete equality is challenging, improved access to primary and preventative care is attainable.

Simplicity – Drawing inspiration from cutting-edge companies like Apple and Tesla, we recognize the power of complex technology made effortlessly intuitive for users. Simplicity is the key to a future where minimalistic approaches prevail.

Cost – The challenge with healthcare systems worldwide lies in affordability. While we acknowledge that quality should not be compromised for lower prices, healthcare does not need to be as expensive as it currently is.

**Javier Mestre – Country & Regional Manager, Emcure Pharma**

Quality – If you produce a good-quality product with proven patient benefits, there is a future. There needs to be a solid product and documentation.

Developing New Products – If you want to survive in the future, having the best generic product on the market is not good enough. You need strong development of new products that match the demonstrated need.

Knowledge and Understanding – It is necessary to tropicalize products and operations. Focusing on local knowledge of the territory and the challenges and opportunities presented in a particular region is vital.

**Javier Potes, DG, Mexican Consortium of Hospitals**

Interoperability – We need a dialogue between all the main players; to all agree on the importance of working together.

Social Participation – We cannot wait for the government to act. As a sector, we can move ahead and work on articulation and public policies to improve the private health system.

Digital Transformation – once we have integrally advanced on the first two steps, technology must be brought in based on a health business model with good data analysis that allows for prevention, improved attention to the patient, and the population's benefit.

**Pablo Bufano, Managing Director, Dräger Mexico**

People: already a pillar for us today. Our personnel grows 15-20% yearly; we know we will need people in various areas, so we plan for what kind and how many people each year, making our HR very busy looking for new people and organizing training.

Initiatives and projects: we have around twenty segmented initiatives dedicated to a portion of the market. Two people from different company areas lead the project and interact with the other departments to push the initiative and get results. The management team, myself included, meets monthly to hear what they have been doing, which is important for me as I receive information and knowledge about the people who work in the company.

A customer-centric approach: we conduct surveys to determine if the customer is satisfied with our products and services. The surveys show our growth year by year and give us an idea of how Dräger and its competitors are perceived, giving us a chance to change things, not lose our clients.



Vincent Payet, Head Of North Of Latin America & CEO, Ferring Pharmaceutical, Mexico

Create trust within your team - This is something challenging in Mexico because of the submission culture. But just because someone submits to you does not mean they trust you. We can view this challenge as an opportunity.

Uphold and Inspire creativity in your people - I expect my team to bring ideas to the table and express their creativity. When I mention an idea in a meeting, they take it as the final product without expressing their thoughts or opinions.

Create new opportunities for patient access - because the current system will not be able to sustain the healthcare system. In time, all the smaller and sidelined issues will overrun the entire healthcare system. We need to create sustainable access to healthcare through new strategies. The focus should be on access because access will create a highly developed and performing nation.



Corrado De Gennaro, CEO Mexico, Galderma

People - If you have an engaged and motivated team, anything is doable and possible. Team engagement with the right peo-

ple aligned with common objectives, a winning culture, trust, and a great working atmosphere has been our winning formula. I have been blessed to work with my team, and they are the ones responsible for Galderma's extraordinary performance in Mexico. Everyone knows what is expected from them and what they need to deliver

Investing in R&D - which leads to innovation, is the only way to survive in today's rapidly changing world. Innovation creates room for growth.

Strong Access Strategy - This will be key given our upcoming biologic launch, currently in Phase-3 study: Nemolizumab. It is a big step forward for Galderma; thus, understanding, mastering, and managing market access will be key.



Jesse Damstra, GM, Philips Mexico

Young, Innovative People - The risk of working in the healthcare sector anywhere in the world is that it is a traditional business. It's a relatively old-school industry. The leadership needs to transform and create an appealing work environment within the healthcare sector in Mexico. We need younger executives who do not conform to traditional healthcare but to tech worlds. I encourage many tech talents to start working in healthcare. The healthcare sector will be the next disruptive sector after fintech and e-commerce.

Going Fully Digital - by integrating our different solutions and services. Everyone has a smartphone or access to some form of technology. We should leverage it and improve their access to healthcare.



We offer a complete range of partnering options providing a one-stop-shop solution to innovative pharmaceuticals who are looking to thrive in the Latin American market with agility and adaptability. Stendhal is a reliable and trustworthy business partner in the region.

Our value proposition

- We deliver **access and commercial** results over-achieving our partners expectations.
- We are the only Mexican pharmaceutical company that observes the **IFPMA compliance codes**, with high standards of business ethics and values.
- All of our business is carried out in accordance with the **best practices** for quality & Pharmacovigilance, under local and international laws and regulations.
- Even with the complex Latin America scenarios we kept delivering successful results. Our Public Affairs Team has the **best analysis for the region**.
- We have an **experienced regional team** capable of managing the regulatory approval process of innovative pharmaceutical products.
- Our Medical Affairs team supports all stages of the product lifecycle, from registration to commercialization. Together with our partners **we develop medical strategies** based on specific needs.

Stendhal is the right gateway for your pharmaceutical products in Latin America.

Disrupt Regulatory Framework Completely - The paperwork and complexity needed to innovate or sell a product in Mexico slow down the transformation we need. If the FDA or European legislators approve technology or products, it is unnecessary to repeat the same process in Mexico. We should agree to use a global standard of either the FDA or a combination of the FDA and European regulators. If they approve a product, there should be no delays everywhere else for the early adoption of technology.



Mario Muñoz - GM of North LATAM at IQVIA

Access to Innovation - Innovation is important to the industry, it is what we do in the labs and bring them to patients for better health outcomes. Historically, innovation has been the transformative agent in healthcare. Access to innovation is an important pillar; without it, the impact is not immediately obvious, but we will have a big problem after a decade or two.

Technology - to integrate the system and make better decisions. It brings insights that can guide decisions. To be successful, the government must participate and understand the impact of what they are implementing.

Health Coverage - Compared to other countries in Latam, Mexico has one of the lowest private insurance coverage and healthcare spending. Some countries in Latam spend almost twice what we spend on healthcare in relation to the GDP. It should be part of the agenda for the industry, society, and the government.



Guillermo Murra Hernández - Executive Director and GM, GE HealthCare Mexico

Compliance - we must play by the rules and follow every guideline meticulously.

Collaboration - which can mean different things depending on the nature of the customer, which could be from the private sector, the public sector, or an internal shareholder.

Operational Capacity - which is very important in our industry. Without operational capacity, we cannot serve our customers, and they cannot treat their patients.



Bruno Valera - Founder & CEO, Medikit, Mexico

Defining Framework - for minimum viable data interoperability. We are all trying to integrate everything with everything.

The more data, the better. But that is a very complex way to work because there is too much information, and you cannot take on such a giant monster. We want to tackle the problem on a small basis and start exchanging the minimum amount of data relevant to the healthcare sector: Healthcare professionals, patients, diagnoses, and prescriptions.

Regulation - This data exchange across silos could create risks for the patient. It probably will not matter if I know you have diarrhea, but it might matter to you if I know that someone in your family has an STI. That privacy can only be achieved with regulation and sanctions, which we do not currently have in Mexico or Latin America.

Investment - I wish healthcare companies could capture the amount of money that fintech has. We could solve a lot of issues. We may not be able to generate as much money as fintech, but I can assure you that we can save many more lives. And that is something we need to create consciousness about in the market. Healthcare is not about generating money but saving lives and changing how we see the future.

José Antonio Fernández Guerra - GM, Farmacias YZA, Mexico

Recognize Reality - The Mexican healthcare system has been mutating into what we have today. This is the way the healthcare system works and serves patients today. Based on that, I think it is important to recognize where we are and what we have. Based on what we have, how can we take a better approach in order to have something that can solve problems in the future? Sometimes, I feel that we are stuck in an ideological discussion about whether this should be a private or public solution. We just need to recognize that this is what we have.

Collaboration - we need to realize that it is going to be hard to solve all the problems, either by the public sector alone or by the private sector alone. The solution will require a joint effort. Understanding how we can work with the government and private sector to provide healthcare to the population is the second pillar.

Financing - The third pillar is about the money behind the healthcare system. Who is going to be paying? Who is going to be subsidizing it? How is this going to work in a sustainable way? Once we understand the system and the solution, we need a sustainable way to make this work. This will give us clarity in terms of investment providers, hospitals, clinics, doctors, and education.



Start-Up



"If you had to create a start-up in Mexico's health sector in 2023, what would you create?"



Rodrigo Fernández, Latin America Head and GM at Teva Pharmaceuticals

"I would concentrate on ways to facilitate easier entrance into medical care. Utilizing the most suitable device, service, and distribution method can significantly impact patients' experience within the healthcare system. Mexico might benefit from the faster introduction and adoption of telemedicine; we can do so much more with this technology and continue to provide routes of access to medical care."



Jesse Damstra, GM at Philips Mexico

"I would create a fully digital platform connecting Mexico's population to healthcare, linking all of the different stages of the system. It is time for a "digital hospital" where you can find everything you need and that keeps track of your health, integrating hospitals, insurance providers, EMRs, etc. This is the future."



Agustín Zabulanes, Country Director, Boston Scientific Mexico

"My priority would be prevention. We must go to the roots and empower the population to stay healthy, leveraging the data and technology to create new meaningful innovations to prevent or anticipate healthcare issues to treat them earlier if needed."



Sven Boes, CEO, Auna Mexico

"I would consider creating a company focused on electronic health record systems. Such a system could help with patient safety by providing a comprehensive medical history that tracks a patient's health records across different hospitals and sectors."



Suryanarayana Nagendra - DG, Zydus Mexico

"Many disruptions are happening in every industry because of digital innovations and the speed at which the adoption of technology is happening, whether it is in a research area, a supply chain area, a manufacturing area, or marketing. Every industry is going through digital disruptions, and I think there is a huge scope in which, as a startup, you need to be distinctive. If you look at the pharma industry, digital adoption is actually a greater opportunity in terms of AI and analytics. The slate is still empty, and not much has been written. That is the area in which I feel that there is a great opportunity in Mexico."



Mario Muñoz - GM of North LATAM at IQVIA

"I would invest in digital health to help patients access better information and screening processes and speed up their

time going through the system. During the pandemic, there was much pressure on digital, and there is a role digital can play, especially for the first contact in primary care services, to speed up diagnosis and shorten the time to treatment. New startups -small companies- have been created in Mexico, in the private sector, where many physicians are willing to subscribe to a digital practice to reach more patients."



Nicolás Linares - VP & GM, Mexico & Central America, Ultragenyx

"Based on my experience and what I see as a healthcare gap, I would continue working on orphan drugs. Many opportunities and innovations are not considered in Mexico due to the country's complexity, the fragmented system, and all the market access steps between the regulatory and the end patient. There are opportunities to bring additional therapies to rare disease patients, and it is not like competing in diabetes, where there are a lot of big players already in a well-covered market. In rare diseases, some patients have nothing, not even in the pipeline for their diseases. I would continue on the same pathway because of the opportunities and because there are many patients to be served."



Fernando Lledó, Head of BUPA Mexico

"Mexico has an endemic problem and needs prevention, prevention combined with an easy, useful, simple product. The country has connectivity; there are 84.4 million cell phone users in the country a huge amount- and it allows access to many people. Mexico has great medicine, professionals, and hospitals, but the core issue is to stop people from getting sick. People go to a doctor and look after themselves only once they are sick, which involves double the work of the patient and the doctor. With the large population and people who do not care for themselves sufficiently, preventive care is Mexico's biggest challenge, and the companies that work in health must be responsible for providing the right products and services."



Valney Suzuki, VP & GM - México at Novo Nordisk

"Probably a non-profit organization with people who have a deep knowledge of different areas in the healthcare sector -I could be the pharmaceutical industry expert- and all of us together find ways to improve patient access and adherence and reduce the distance between different stakeholders and serve as a bridge to better understand the mutual benefit of alliances. Many sectors have excellent intentions, but it is not enough; more understanding, open and transparent conversations, and trust are necessary to achieve better outcomes for the Mexican population. And to manage it through a non-profit organization would be awesome."



The Power of Together

"If you want to go fast, go alone. If you want to go far, go together," proclaims Valney Suzuki, VP & GM of Novo Nordisk Mexico, as he reflects on the need to apply the message of the African proverb to Mexico's health sector. In an era marked by dynamic challenges and transformative opportunities, the importance of working together and establishing common goals cannot be overstated.

"Collaboration is in the company's genes, and we work on having many alliances because we believe we can have a far greater impact on the market and society by holding hands with key stakeholders and therefore drive change," says Valney. The company is harnessing the power of collaboration to help shift towards prevention and tackle key disease burdens in Mexico, "over the last three years, we have allied with UNICEF to work on child obesity. The main objective is to work on awareness and prevention, so children don't become obese adults," he adds, "We make alliances to reach more people because we can only go so far alone, but we can go the distance together."

Despite the emergence of local innovation, Mexico, much like other developing nations, still relies on bringing in innovative treatments from abroad. This often involves a biotechnology company working with a strong local partner, the importance of which was highlighted earlier in the year at AMIIF's Innovation Week. AMIIF's sole Mexican member, **Stendhal**, sees itself as a frontrunner in this regard; general manager **Rodrigo Ruiz** states, *"The main message we want to convey is that we are the right partner to provide innovation to patients across all of Latin America."* The company does this through its strategic model, "we develop a tailor-made value proposition depending on the partner's needs. This is the beauty of our business model," claimed Rodrigo.



Looking to shift the tide and establish a significant local innovation footprint ICC Takeda Mexico will have its roots grounded in collaboration, explains **Gabriela Baez**, head of the Mexican center, "From the early days of ICC design, we reached out to the ecosystem, and were impressed to see the effort and investment to create connections; everyone is open to finding common points of collaboration." She outlines the importance of such partnerships in making innovation sustainable: "It doesn't matter what industry you are a part of, collaboration across sectors has to be a part of the executive vision. Creating the environment and the value proposition is key for future generations."



Javier Giraud, medical Systems Manager at **Fujifilm Mexico**, believes the only way to truly advance healthcare for society is to put competition aside, stating, "We must act the same way, start collaborating, and not try to beat everyone in the field." The company works closely with one of Mexico's largest health providers to share invaluable data and shape future strategy, "Salud Digna always considers us as a partner, not only a provider. That helps them get the full knowledge of what is coming so they can create new strategies based on our thinking. *This way of collaborating between those who provide the technology and those who offer the services helps us understand the need, which is an excellent solution for the future of healthcare."*



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Agustín Zabulanes

Country Director
Boston Scientific Mexico



EF: How do you visualize 2023? Do you see it as a challenge or an opportunity?

AZ: There are many opportunities, yet they do not come without challenges. Our main goal and purpose are saving lives and improving the population's health and quality of life. However, as in most developing countries, Mexico still requires increasing the penetration of innovative technologies. At this point, delays in the regulatory approval process are the main issue. They do not affect our growth significantly, but the lack of new technologies is increasing the access gap and creating an opportunity cost for the system that cannot capture the value for patients and the healthcare ecosystem overall in economic and social terms.

From the financial perspective, inflation and currency valuation impact look better than we expected last year, which means less pressure on the prices and margins, creating a positive scenario for the rest of the year. We still face some uncertainties in the public acquisitions sector, but things quieted down compared to the end of last year. All our efforts are focused on our transformation to be more efficient in bringing innovative solutions that increase access for more patients.

EF: Could you elaborate on your footprint and portfolio within Mexico and how it has evolved?

AZ: I feel very fortunate because things are going very well at Boston Scientific, with strong growth compared to pre-pandemic results. I came to Mexico in March 2020, and that first year was exceedingly difficult to keep our team safe, our financials under control, and not stopping to assist life-threatening cases. However, in the last two years, we rebounded, with high double-digit growth in most of our therapies and gaining productivity. In 2020, we accelerated our investment in digital transformation, looking to the next five years and strategically planning for the future, and now we are harvesting the results of our foresight. The culture of value improvement process has helped a lot to create automatization and eliminate some redundancies and inefficiencies. In alliance with strategic customers and channel partners, since last year, we have implemented value solutions like a blockchain-based secure system to make inventory replenishment and invoicing more agile and touchless, reducing operative costs, time, and reprocessing delays and associated costs for errors in manual transactions.

Since last year, we also accelerated remote solutions, a pre-pandemic initiative we were incubating. During the pandemic, with the restrictions to access hospitals and travel constraints, we adopted remote solutions for training and procedures supported by our team and external proctors. Since then, we have been expanding the use cases to other needs, from remote congresses and meetings to technical and clinical assistance for individuals or groups. This technology is still in its infancy and has the potential to create more access in remote areas and enable more productivity for healthcare providers.

EF: From a leadership perspective, how was it taking over at such a difficult time?

AZ: I landed in Mexico on March 8th, 2020, to take the role, and two weeks later, Covid 19 broke out with all the implications we know. Generating personal connections and building trust remotely was a great challenge. Being highly focused on people and their emotional and fundamental needs comes naturally to me in face-to-face interactions. Still, it was only feasible to resume such activities in person a year later.

I've learned that in difficult times, it's crucial to focus on three key aspects. Firstly, it's important to maintain a calm and rational mindset that enables clear thinking and helps prioritize tasks to ensure business continuity. Secondly, it's essential to lead with empathy and consider the impact of every decision on people. Lastly, one must have a hands-on approach and fully engage with the reality of the situation. In my case, I held daily remote meetings with small groups of collaborators and had random one-on-one meetings to stay connected with the team. I used every opportunity to connect with team members and understand their situations personally.

EF: Your current production comes from Costa Rica and Puerto Rico, but with the opportunities in nearshoring and other trends, can Mexico potentially become a manufacturing location for Boston Scientific?

AZ: The global facilities team is leading the strategy for manufacturing sites, and I still need more information on the future plans for Mexico. Mexico is already the eighth exporter of medical technology worldwide and has the potential to grow. The country is very attractive and might capture a great part of the nearshoring strategy from different industries, including medical technologies. However, the local conditions must be favorable and stable to materialize this.

EF: If you had to create your own startup company tomorrow in the Mexican healthcare sector, what would it be and why?

AZ: My priority would be prevention, as the current healthcare system is at risk of failure in various regions worldwide. Instead of addressing issues as they arise, we should prioritize preventative measures. This is because the demand for healthcare services is increasing at a faster rate than the resources available to meet them.

“ We must go to the roots and empower the population to stay healthy. ”

We must leverage the data and technology to create new meaningful innovations to prevent or anticipate healthcare issues and treat them earlier if needed.

Suryanarayana Nagendra

Director General
Zydus



EF: Taking the need to balance different economic and political situations into consideration, do you see the year 2023 as a challenge or an opportunity?

SN: *Where there is a challenge, there is always an opportunity. The Mexican pharmaceutical industry is the second-biggest market in Latin America and the 11th-largest globally. The market has a solid set of fundamentals in place that cannot be easily affected by overnight changes. There may be some momentary disruptions here and there, but the market has been consistently growing, with segments like the prescription business and the generic business all indicating positive growth.*

2023 is a year of opportunity, as seen in the major changes occurring in public sector procurement. Government policy has opened up the space for global international tenders, thereby giving companies with global footprints an opportunity to secure lucrative contracts. To effectively seize these opportunities, two elements are required. The first is agility in terms of supply, and the other is cost leadership. These two components are crucial for success in this particular market.

EF: Zydus showed impressive growth in the recent Q3 results. Could you tell us about your key growth drivers in Mexico? Which areas of products are driving growth, and where do you see further opportunities to expand your operations in the country?

SN: *Globally, Zydus has an interest in multiple areas. It has a presence in vaccines, biologics, complex generics, and small molecules. To create a similar multi-presence approach in Mexico, Zydus requires a sizeable investment. We have evolved in Mexico. We have a strong presence in CNS systems, and we have new products in the pipeline that will be a growth driver for us in that particular segment. In 2025, depending on the regulatory approvals, we will be entering two new therapy areas, and that will bring in new investment and make us more competitive. We also want to leverage local partnerships in areas where we currently do not participate.*

The public procurement market is another growth engine that offers unique opportunities for us to exploit. We have a global footprint and can use our reference countries, such as the USA and France, to leverage these opportunities. This will add value and healthy competition to the procurement process for the benefit of all stakeholders.

EF: How is Zydus promoting innovation in Mexico, and how do you assess the potential of the Mexican healthcare industry to become an innovation hub on a Latin American level?

SN: *Investment in innovation usually happens in two steps. One is in R&D, and the other is a byproduct of R&D: how does this add value to the participating market? If you want to bring new innovations to the Mexican market, you need to go through the New Molecule Committee and conduct local clinical trials. These are the things that bring investment here and support innovation-associated organizations such as CROs, whose exposure to new molecule inventions would give support to the local innovation cause.*

We are also creating value in terms of increased participation, infrastructure developments, and market access for patients. Our focus is on Mexico, where we want to introduce new products that will enable the market to gain exposure. CROs will get exposed to those molecules that are not currently available, and that will add value to the bandwidth of their businesses.

EF: Could you elaborate on how you partner with different stakeholders and companies within the sector and how you ensure the sustainability of your operations?

SN: *It is incredibly difficult to break into the market alone. For example, if the market requires a ten-million-dollar investment, five companies could come together to bring a new molecule to market. Each would have to spend at least two million dollars. However, by the time those five companies gather, the market will have changed, and economic factors will have pushed the investment price higher. The return on investment gestation period is quite long, especially in monoclonal antibodies. It's a very costly endeavor, especially when entering a highly regulated landscape. Collaboration reduces those costs, and the expenses are divided among the partners. It becomes a synergy where each party brings a unique strength.*

R&D will be able to churn out various therapies to cover different areas such as gastroenterology, cardiology, psychiatry, and neurology. It's not advisable to have a presence in all the therapy areas; instead, focus on one asset that has much intrinsic value. For example, I would identify a partner who is good at cardiology. I don't have a long-term plan to be in that particular scene, but I have three assets that I want to leverage in this market for the end-user and partner's benefit. This is how the R&Ds complement each other. We have been quite successful in building relationships with some of the local companies that are interested in our products, and they market them on our behalf and identify opportunities. This results in a win-win situation.

EF: Is there any final message that you would like to give?

SN: *COVID has taught us many things and has caused us to elevate and rewrite many practices, not only in our industry but in every industry. This particular experience has helped us be more prepared in the case of a pandemic. This has led to some adjustments in the global supply chain. It has also highlighted the importance of a country's self-reliance to protect its own people. The role of healthcare workers is now at the forefront, and we have discovered previously unknown potentials for online pharmacies and telemedicine. Telemedicine has evolved, as has the need for industry and government collaboration.*

Analytics has come into the spotlight. Today, they have become a major tool. A lot of positive practices have emerged because of COVID. I think we need to adapt and consolidate those things that will enable the industry to expand further and do well in terms of the overall economic perspective. I believe in the saying, "The health of the country is the wealth of the country." This is extremely important because we are all stakeholders. Healthcare spending is the most difficult challenge for every country's budget. It is growing phenomenally. If you look at it from that perspective, healthcare has created an economy. So many things are improving. It is extremely important that a country's health policies be a priority for any government, and the direction should be how to make health markets more accessible.

“ Human life must be preserved by making access to healthcare more affordable. ”

I believe that every government—not just the Mexican government—and every industry must work together to make tomorrow better for future generations.

Valney Suzuki

VP & General Manager, Mexico
Novo Nordisk



EF: Following your experience in Brazil and Colombia, how do you define Mexico's strategic significance to Novo Nordisk?

VS: Being such a large Latin American country, Mexico is an important affiliate of Novo Nordisk. The Mexican population deserves and needs health support, which is what we do. *Mexico is a country with over 130 million inhabitants and one of the largest economies in Latin America, so we are strengthening investments in the country. The high burden of chronic diseases is almost a pandemic in Mexico, so there is much to be done. According to the latest estimates, nearly 75% of the population is obese or overweight, while over 10% of the population faces diabetes. This combination of factors represents a serious problem for the country, and we can help tackle the issue.*

EF: The political and regulatory challenges make 2023 a complex year. How do you visualize 2023? Do you see it as a challenge or an opportunity?

VS: There are always challenges and opportunities in every market and country, but one of the most important lies in generating more access to care, especially for the most vulnerable, as innovation is generally more open to those who can afford it or easily access technology. The most vulnerable people have to rely on several key stakeholders, so we must collaborate with them to expand access to new technologies. This is not true just for Mexico but a global challenge. *The opportunities in the country lie in the population size and disease prevalence, and we are in a position to make a difference in Mexican lives.*

EF: Could you elaborate on Novo Nordisk's footprint and portfolio, how they are evolving in Mexico, and where the company is headed?

VS: I am delighted to say we are bringing innovation at a fast pace. For example, Mexico is the first country in Latin America to launch oral semaglutide. Currently, most of our portfolio is available here, and we plan to keep this trend. Over the last few years, we have made a special effort to provide access to new technologies to the population. In diabetes, we have grown our products and have become market leaders. *We have 100 years of experience in diabetes and are considered the diabetes leaders of the industry. Next year, we will be celebrating two decades in Mexico, and we will also celebrate market leadership, which means bringing innovation and generating access for many patients and people in Mexico.*

EF: Companies currently have digital and physical footprints; how do you balance both worlds?

VS: *Novo has evolved. The pandemic pushed us forward and accelerated the company's plans—we need to be made stronger! We are still focused on change: we have fostered more innovation from last year to this year; we are more data-driven and focused on the customer's mindset, digitalization, and omnichannel. We have a new area called Customer Engagement, and its purpose is to embrace the customer through new digital tools to serve them better. We are using a kind of AI to predict customer needs, combining face-to-face and sales force information to integrate data, allowing us to have better customer centricity.*

EF: Novo Nordisk is known for its partnerships and collaborations. How is that collaboration represented in Mexico, and how are you leveraging common spaces to aid and benefit patients?

“Collaboration is in the company's genes, and we work a lot in creating many alliances because we believe we can have a far greater impact on the market and society by partnering with key stakeholders to drive change.”

VS: *We are working in different Chambers and Associations and have many non-profit projects. For the last three years, we have allied with UNICEF to work on awareness and prevention of obesity in children. Evidence shows that children with obesity, in all likelihood, will continue to suffer this disease as adults, so we are committed to reversing this trend. Also, we have pioneered an initiative called "Cities Changing Diabetes," whereby we support local governments to map the underlying causes of the high prevalence of the disease and create action plans to increase awareness and try new solutions, including nutritional advice education, activities to mitigate disease impact and improve outcomes for patients. We also use our patient support program called "Nuevo Yo" to help with patient education. We have psychological support in the patient's journey and educators specialized in eating habits, exercise, etc. We make alliances to reach more people because we can only go so far alone, but we can go the distance together.*

EF: After working in different countries in Latin America, how do you assess prevention in the region, and what are you doing in Mexico to tackle the issue of prevention?

VS: There is a similar problem across Latin America concerning obesity, although, in diabetes, the educational process is slightly more evolved in some countries. I have worked in various Latam countries, and Novo Nordisk tries to add value via patient programs. Depending on the local regulations, we work on making the patient understand the importance of adherence to the treatment, finding a balance between food and exercise as part of a long journey, and working on an improvement process. The patients need help and support in understanding how the disease impacts their lives and how to achieve better outcomes. We make patients participate in their recovery. We have a home delivery program for hemophiliac patients in the public sector as part of the services we offer the government for better treatment adherence and good prophylaxis—standard care in hemophilia—to have better outcomes. We have a thousand patients enrolled in the program; they are more than half of the people receiving these treatments. We are proud and delighted to provide this service to the patients, and we are sponsoring the program because we know it will positively impact them.

EF: Innovation is key to Novo Nordisk, and Mexico plays a key role for the company in clinical trials. Does Mexico have the potential to establish itself as an innovation hub at a Latin American level, and how can Novo participate?

VS: *Novo Nordisk invests a lot in innovation. The main Latin American clinical trials happen in Brazil, Mexico, and Argentina. Regarding Mexico, over the last five years, we have invested around six hundred million Mexican pesos in thirty clinical trials, covering about 2,000 patients and increasing the numbers year by year. The numbers show our commitment to bringing innovation to the country. Doing clinical trials means accessing and adding value to society by generating jobs and bringing technologies as part of our core DNA.*

EF: Is there any final message you would like to share?

VS: *After the COVID-19 pandemic, we have all learned the importance of health; we must all take care of ourselves because nobody else will—so my message is: be healthy and look after yourself.*

José Antonio Fernández Guerra

General Manager
Farmacias YZA, Mexico

EF: Do you see 2023 as a year of challenges or opportunities?

JA: At Farmacias YZA, we see 2023 as an opportunity. The majority of our plans are primarily focused on our long-term vision. The company has been in Mexico for more than 100 years. *We operate in several Latin American markets, and we understand that this region always has ups and downs. Our goal is to create value from an economic and social point of view in all the countries in which we are present.*

In 2023, we are going to continue reading from the same script. We are going to focus on the midterm and how we are building capabilities and other kinds of businesses. We believe that we are going to prevail regardless of the ups and downs that Latin American economies usually face.

EF: Could you elaborate on Farmacias YZA's footprint within Mexico?

JA: Healthcare is a relatively new business for FEMSA. We entered this market almost 10 years ago. Today, we are operating close to 5,000 different units across all of Latin America. We have pharmacies in Chile, Ecuador, Colombia, and Mexico. In Mexico, we started by acquiring some of the original brands, such as Pharmacom and Moderna. We then began opening our stores from the ground up. We have close to 1,600 stores so far, but we still have some road ahead of us because we are only present in 18 out of the 32 states in Mexico. We see a big opportunity to keep growing within the Mexican market.

EF: Pharmacies in Mexico act as an access point for primary healthcare. Could you explain how you help advance access to the Mexican population?

JA: Once a country decides how its healthcare system will function, whether it will be a public health system or a private health system, it's going to be hard to change that system going forward. Mexico was a country that had a strong public healthcare system, but after the financial crises of the 70s and 80s, two main things happened. The first one is that many Mexicans entered the informal economy. Today, 50 percent of the Mexican economy is informal. Secondly, the government had limited funds to support a public health system.

The Mexican reality created a mixed model between the private sector and the public sector without having a specific regulation or orchestration between both worlds. In some way, the customers have been driving this different way to solve the healthcare system in Mexico.

Almost all first contact with the patient happens in a clinic next to a pharmacy. The majority of the things that we take care of are some of the common illnesses that just require a simple solution with not a lot of out-of-pocket expenses. *The patient values the proximity, quickness, and cost of this model. We have been helping the country move in that direction by covering some of the efficiencies that the current model has.*

EF: How can we bring stakeholders together and unify the system for the benefit of patients?

JA: Firstly, we do not have a single system that articulates the interactions between the public sector and the private sector. For example, we don't have something like an electronic prescription that can be used as a reference.

We also do not have the patient's clinical history. This is a challenge that exists in the current system. We do not have clarity on how the private and public systems will interact. We do not have an orchestrator that can help us coordinate and provide better services to the customers. Finally, it is still unclear as to how a perfect system for Mexico will be funded.

EF: Could you elaborate on how you are advancing your online footprint?

How do you assess the receptiveness of your customers to expanding your digital services?

JA: Moving into the telemedicine arena without having any electronic files or a way to consolidate the information makes it harder to advance our digital footprint. Mobile technology has already gotten some traction in Mexico, and everyone now has access to a cell phone. I think that everyone is willing and technologically mature enough to access digital services.

On the other hand, we need to have a portfolio of services that we want to solve using technology. In the majority of cases today, we do an initial screening rather than getting into treatment, follow-up, or other uses of technology that I think can make a significant contribution. *Technology can help us follow up with chronic patients and monitor whether they are taking their medicines.*

I don't think that we have reached that level. Today, we are still focused on being a multi-channel pharmacy where people can come in personally, call, or make use of our app. The patient's choice of treatment channel will depend on their age and whether or not they are tech-savvy. *Regardless of the technology, we need to start moving into the services that are going to be using technology to make the whole customer journey easier, less painful, and more valuable to the customer.*

EF: How do you assess the current level of prevention, and how do pharmacies like yours help or contribute to shifting the focus from treatment to prevention?

JA: I think that is one of the missing links that we are trying to resolve. For example, patients usually come to our clinics because they have a sore throat or some kind of stomach illness that is treated with paracetamol, ibuprofen, or some basic antibiotics. However, we are aware that in Mexico, a huge amount of the population is unknowingly suffering from diabetes, high cholesterol, or some other chronic illnesses. Some may know of their condition, but they do not follow a strict treatment regime.

We are trying to use first-contact experience and instant testing to try to detect these kinds of illnesses. We want to create a mindset in the patient that will make them more open to talking about their diet, lifestyle, and possible risk factors. Our focus is on early detection and contributing to early treatment. We are also trying to help patients complete the entire follow-up cycle, but the lack of coordination between the public and private sectors makes it difficult for us to access clinical files that would help us attend to patients properly.

EF: Do you have any final messages for our readers?

JA: I think we need to be mindful that whenever we talk about healthcare, we are really talking about people. Any solution we talk about goes beyond technology or any asset. It's about a public issue that needs to be addressed by the government as well as the private sector. I don't think the system will be sustainable if the private sector and the public sector do not work together. We are in a complex situation, and we need to collaborate in order to find a solution. It's not just technology, public policy, or the private sector. *It's about coordination among all the players in the industry. Who is going to take the leading role in order to coordinate, design, and put the solutions in front of the different players, doing it with the patient in mind?*

“ We need to find a way to give access to 100 percent of the population in a way that is financially sustainable. ”

Mario Muñiz

General Manager of North LATAM
IQVIA



EF: This year, executives must deal with complex, multi-faced economic and political scenarios; companies are restructuring and reassessing their footprints. Do you see 2023 as a challenge or an opportunity?

MM: Companies are taking 2023 cautiously, preparing for a slight deceleration in the market trends. Covid boosted pharma performance and the sector in Latin America in two ways:

Accelerated consumption in certain categories, the awareness of individual health conditions, especially for people with chronic conditions, adherence to treatment, and vitamins and similar products have boosted the pharma industry.

During the pandemic, pharma spent less, the sales teams were not in the field, in-person conferences were not done, which are expensive, and expenses relating to marketing activities went digital, much cheaper than in-person activities. *There was a boost in performance and fewer costs, similar to the tech industry that went completely remote, achieving much exciting growth.*

Currently, we are moving out of the pandemic with a global inflation scenario, which is a double-edged sword for pharma. Usually, pharma would increase prices according to inflation, possibly incurring less product demand. Consumers have slightly changed their perspective on healthcare, for example, using their money for other activities, including leisure, travel, etc. Health is no longer the huge concern it was during the Covid-19 years. Due to the deceleration and inflation, companies are cautious about their structure and addressing the challenges and opportunities in 2023. Companies are cautiously cutting their budgets and not spending at the same rate.

EF: We know IQVIA supports businesses to make data-driven decisions. How do you assess the role of IQVIA in navigating organizations through these transitional periods?

MM: *We are in an extremely privileged situation; we are a one-of-a-kind company in this industry. Traditionally, we had data, consulting, and insights; then, we had the technology and added clinical activity (R&D) and Clinical trials.* Currently, IQVIA employs more than a hundred thousand people globally. We have domain expertise, positioning us in an ideal place to help and serve the industry with our unique capabilities. *Our role is to help the industry navigate the transformational times with data, insights, and technology, which we call connected intelligence so that companies optimize their processes and impact in this environment.*

EF: From your privileged position, how do you assess the level of access in Mexico compared to other countries you manage in your region?

MM: Access in Mexico is difficult; the data tells us that more than 60% of the market is a retail, out-of-pocket expenditure, meaning access is underdeveloped in Mexico. Recently, we did a study with the Latin American Association of Companies. Using the same methodology, we compared time to access in countries worldwide, from registration to receiving definitive treatment. Especially when high-specialty medication goes through the government system, Mexico is not among the top countries. Regarding access time, we are way below; there are many difficulties in registration and COFEPRIS delays. Once registered, on average, it can take up to three years to get access or even more, depending on the products. In Colombia, the system is completely different; they have easy access and highly controlled prices; in Brazil, there is a more balanced market between private insurance, the public sector, and the private out-of-pocket market. *Mexico has an "oversized" retail market relative to the government spending on medication, and there is a small slice of private insurance. The big game changer for Mexico is*

addressing access to private insurance and the public sector.

EF: As a leading supplier of data, statistics, and data-driven insights, what role does IQVIA play in measuring and quantifying innovation in the industry?

MM: *We play a very significant role; our real-world evidence or real insight division takes care of that. We have many professionals with validated methodologies that help healthcare systems understand the benefit of innovation, and we can measure it. Mexican regulations are clear on the pathway to achieving access, demonstrating through hard data that the product is cost-effective and a pharma-economic positive drug for the system, which is an excellent standpoint, and I applaud them for that.* However, the problem is the disconnect between the process of gaining theoretical access and the institutions' day-to-day operations. The healthcare system is not working as a fully integrated system because each institution is looking at its single budget for medication and needs help seeing the overall benefits. The institutions are short-sighted on available budgets and what they acquire in a year. The approach is siloed; there needs to be more clarity between the access grant and what is executed at each institution level.

EF: We have heard a lot about the fragmented nature of the healthcare sector in Mexico and that the rate of innovation is faster than the rate of the regulations. Does Mexico have the potential to become an innovation hub in Latin America, or is the regulatory framework counterproductive to innovation?

MM: There still isn't a clear regulation for digital health in Mexico, and it is important to have it. We are a great country, but we need to adjust our perspective on the industry. The government should see the sector as an ally to help generate opportunities and better care. It doesn't matter if it is a big multinational or a small local company; overall, the dialog with the government and the legislators still has a long way to go. There should be better collaboration between both sides to serve the Mexican population for the country's benefit. Due to a number of changes in the government, the industry has to deal with officials who are new to their positions, usually lacking the necessary knowledge in specific areas, which generates delays and inefficiencies. There is much opportunity regarding regulations and collaboration with the government.

EF: From your position and looking at the health sector, which kind of technology will be the most disruptive? Which technology will have a real impact on the Mexican population?

MM: *The technology with the most impact is the technology that helps integrate our fragmented system and provides collaboration and the use of data. We don't have a single unifying technology in the private sector.* The duplication and waste of effort happen due to the healthcare system fragmentation. Electronic health records would help several dimensions of the government. It would help the patient have an easier time navigating through the system, and we could save resources.

“ AI is important and has a role in the healthcare sector, but we should take a step back and put effort into basic technology that would integrate the system. ”



Juan Puyo

General Manager Mexico
Merz Aesthetics



EF: From your perspective, from the standpoint of Merz Aesthetics. Do you see this year as a challenge or an opportunity?

JP: This year is going to be a great year for us and for the industry as well. From an economic point of view, we see lots of great indicators. Having spoken to different people from the financial sector, they seem optimistic, which is a good sign.

In terms of the aesthetics industry, we are at an inflection point; people are still learning about it and still have to understand the procedures better to continue doing them. They continue seeing these procedures as something very noticeable and exaggerated. It is simply not like that. A great procedure is one in which you can not tell what is happening, but you know that something is happening. For instance, when you meet someone, and you think: You got something done, but I do not know what it is. This is precisely what we are trying to do.

It is not like looking like someone else, like having the lips of a famous actress. It's about the symmetry of your face, aligned with your own beauty definition. We have got to educate our customers, our consumers, to help them understand that this is like going to the salon and doing your hair naturally. It is the same thing, but attending a health professional. I am positive about the next 12 months; we have got everything in favor to have a great year.

EF: Could you elaborate on your footprint and your portfolio and how it's evolving in Mexico?

For the past 20 years, our company has been on a fantastic journey in Mexico, facing both challenges and successes. Innovation is in our DNA, and we are continuously striving to provide high-quality products. However, our true impact on Mexico goes beyond money; it is about building a sustainable future for the industry.

We take this industry seriously; we understand the significance of clinical studies and research. Our commitment to responsible products for our customers and training physicians with the right coaching is essential.

Merz Aesthetics' mission is to fuel confidence by helping people look better, feel better, and live better. When patients leave our clinics feeling more confident, it contributes to their overall well-being. Of course, there is a commercial side, but beyond that, we aim to instill confidence in people and help them face the world with positivity and self-assurance. This pursuit drives us and makes our company truly special.

EF: How do you assess the potential for Mexico to emerge as an innovation hub within the Latin American market?

JP: Regarding the aesthetic market, it represents a significant opportunity with vast potential. When engaging with doctors, they present various perspectives and techniques. However, the importance lies in validating and supporting such innovations through research and studies in the medical field to elevate them beyond personal opinions.

We have an initiative called the "Innovation Forum" by inviting global experts, which complements our Expert Summit for Latin America. This project is divided into two categories, where physicians submit new techniques and novel approaches from around the world. Three years ago, a Mexican doctor achieved second place, and last year, a Nicaraguan doctor secured first place. While we manage Colombia, Brazil, Argentina, and Mexico as affiliates, we handle five countries in Central America and five in South America through distributors. This year, we have a Mexican representative

as a finalist for the global competition, which will take place in November.

This is evidence that there is a lot of talent in Mexico. However, this situation also presents a challenge for us as a company. We must consider how we can better support and promote the innovations discovered here. It is essential to facilitate the publication and development of these breakthroughs. *Winning the competition and showcasing our achievements is significant, but our focus is on enabling physicians to publish their advancements and contribute to the industry's growth and maturity. As the industry evolves, more brands may enter the markets.*

EF: It appears that Merz Aesthetics' purpose extends well beyond sales and commercial interests. How do you utilize common spaces to advance the purposes you've discussed?

JP: While we cannot form partnerships with competitors, we are determined to reach more physicians and LATAM patients, even though we are not allowed to engage directly with patients. We convey the message to ensure the right product selection, support, and scientific foundation. It can be challenging to explain these concepts to patients who may not be familiar with medical terminology.

To expand our reach, we are exploring partnerships with non-competitive companies and targeting different types of doctors, including residents and experienced professionals. While adhering to regulations, we use various media channels to connect with consumers. *We own a program called "BetterSelf," focusing on holistic approaches to promoting wellness and providing reliable content to improve healthy habits. The aim is to boost patients' confidence and well-being while also providing opportunities for doctors to interact with them in a supportive environment.*

EF: You recently celebrated your five-year anniversary at the company. If you had to give a speech to celebrate, what would you include?

Over the past five years, I have undergone significant changes, taking on three roles in two different countries. My focus has not solely been on achieving results but also on the environment in which those results are obtained. The company's culture and how we navigate challenges play a crucial role in our success. I believe that leaving a positive legacy and fostering a healthy work environment is just as important as achieving our goals.

Ultimately, creating the right forums and fostering open communication is crucial for the well-being of the company and its employees. It goes beyond just looking at numbers; it involves developing the right people, providing proper training, and encouraging the expression of ideas and feedback. This approach helps us ensure a supportive and productive environment for everyone.

EF: Do you have a final message to share with our readers?

JP: In summary, while companies may employ various marketing tactics, consumers should make informed decisions by conducting their research.

“Being vigilant about the credibility and reliability of products and physicians is vital to ensure a positive experience and desirable outcomes within the industry.”

Vincent Payet

Head Of North Of Latin America & Chief Executive Officer
Ferring Pharmaceutical



EF: How do you see 2023 as a challenge or an opportunity?

VP: Everything is an opportunity, including challenges. My role as a leader is to provide solutions for the organization to adjust to the ever-changing environment. We always started the year in the past decade by noting all our challenges. Our mindset has completely transformed, and we now see challenges as opportunities. Reflective opportunities are only sometimes positive. Several unicorn organizations are born out of changing how they think about healthcare and the available resources. Sustainability is at the forefront of every organization, which drives change.

There are several opportunities available in Mexico. The economy has been stable since the pandemic ended, the inflation rate is well controlled (<10% in 2022), the population is growing, and imports and exports are highly beneficial to businesses. Primarily, we are situated in the ideal location. We can easily import and export our products to the US. We recently registered two products in our pipeline for approval in the US. The first product is microbiota-based, and the second is for oncology treatment for bladder cancer. These two products are a priority for us, and we will work to get them in Mexico as soon as possible.

Other opportunities come from society. Ferring is running a PLAN M program to empower women and couples to receive robust information about fertility. Our studies noted a change in the trends from having babies earlier to later, and Mexico is not an exception. Those individuals can benefit from the healthcare sector because several families require help when planning to have children.

EF: Could you elaborate on the PLAN M initiative and how else you and Ferring are educating the society in Mexico?

VP: PLAN M is an awareness campaign sponsored and conducted by Ferring. It is a global initiative that differs from our daily operations in Ferring, Mexico. It is an open platform that aims to raise awareness of fertility, reproductive health, female healthcare, and options to plan for a family. Our audience is women, men, and couples from the 20s to 40s. PLAN M is an open education-oriented initiative that has a broad reach. The information on the platform comes from different sources, including physicians, researchers, and testimonials. The platform uses testimonials from a very diverse group to encourage people from different backgrounds to educate themselves. PLAN M is published through the press and the platform online with more than 20 thousand followers between the Metaverse options, including Facebook and Instagram.

We are reaching out to various businesses to increase awareness among workers. Several companies provide support and benefits for workers with families. We are motivating companies to change this by including also workers planning to start a family. As we present PLAN M to companies, we clarify everyone's role and responsibility. The company's role is to raise fertility and family planning awareness among its workers. PLAN M aims to help people build their families in a way that better fits their fertility and personal conditions.

EF: How do you see the adoption of PLAN M in companies in Mexico?

VP: Mexico is one of LATAM's most advanced and open countries to diversity and different parenting structures... Life in the capital is fast-paced. Mexico was one of the only countries open to same-sex marriage in the Americas since 2010, before the US (2013). However, in Mexico, all these communities are in the capital, not the other cities, towns, or rural areas. We are looking at increasing the adoption and acceptance of all communities in other cities and surrounding areas.

I am personally taking more risks in actively promoting and expressing myself. Last week, my husband, children, and I had an interview with El Economista about same-sex parents. They published the interview with pictures of us, which was a big risk for us. Regardless, I want people to see that there are normal families, big or small, and solo, traditional, or same-sex parents. *The objective*

of PLAN M is to help everyone build a happy future with children regardless of who they are. We are building up access to fertility and PLAN M for everyone in Mexico and Latin America. Our planning for PLAN M is very well structured and pivotal in providing quality information access.

I look at access in three different ways. The first is the government. We are approaching the government to ensure that the inclusion of fertility treatment becomes a reality for the country in the future. The bigger picture is for the Constitution to have inclusion and access to reproduction for everyone.

The second way to create access is by working with private financing. We are working on helping people get financing for the treatment they need by working alongside banks to launch the first fertility healthcare treatment loan in Colombia in the first semester of 2023. I am very proud of this achievement because it was an arduous journey to get banks to transform their perceptions of fertility treatments for everyone and the sustainability of the changed perception. The biggest challenge any company has is changing others' mindsets. Once the first loan is launched in Colombia, other banks will probably soon follow.

EF: Being a research-based biopharmaceutical company, do you think Mexico can become a leader in innovation?

VP: We have a lot of research and innovation centers outside Mexico, including in Brazil. However, I think that Mexico is one of Latin America's best foreign investment options, and I hope one day we can be more present here. Investing in Mexico creates sustainability and stability.

EF: How does Ferring collaborate, and how do you work with different stakeholders to achieve sustainability and innovation in Mexico?

VP: We are part of AMHIF, GANIFARMA, the Swiss Chamber, and the industry in Mexico. We interact with stakeholders from other sectors to become impactful and to create a sustainable economy and environment. Ferring Mexico is smaller than some other players in Mexico.

We are raising awareness among government officials and workers through open discussions. For quartiles 1 & 2, we plan to organize a fertility summit. We will invite government workers and officials to join the conversation on fertility, planning for family, and the future population. Mexico's population will continue growing until 2033.

After 2033, it is predicted that the population curve may decrease under the replacement fertility rate. It is something we must start preparing for now.

EF: When attracting employees to the company, what skill sets do you look for? And how do you attract top talent and the talent that suits Ferring in your work?

VP: People join because of the mission and inspiration instead of the paycheck and bonuses. That is the real goal that people strive for. Like any other corporation, talents come to us with their questions, and they get fascinated by the what and the how. Ferring is committed to changing people's lives. People come first is our philosophy. I am active in our recruitment process because I can fully convey the company's mission, vision, and values.

Ferring is a privately owned company with less hierarchy and more autonomy for its employees, with a real culture of entrepreneurship. There is empowerment and opportunities for growth. I have been with Ferring for thirteen years and was allowed to develop and grow within the company. We encourage people to take risks and learn from their mistakes. It is an approach that attracts talented people. With the new generation, we must become more flexible and adapt to a demanding younger generation. It takes time to adjust to these recent trends.

Nicolás Linares

VP & GM Mexico & Central America
Ultragenyx



EF: In the post-Covid times, executives must deal with complex, multi-faced economic and political scenarios; even some big companies are restructuring and reassessing their footprint. How do you visualize 2023 for Ultragenyx? do you see it as a challenge or an opportunity?

NL: *I see it as an opportunity; we are still capitalizing on the activities we put together in 2020 and 2021 when we saw traction regarding market access and the first commercial sales of our products. Now, in 2023, we are consolidating our position in the public sector. Mexico has yet to establish a stable purchase process, particularly for the government sector; a few strategies have been attempted, creating a gap in formal procedures, especially for new market therapies. It has been challenging for innovators and new products to access the healthcare system, understand how it will be implemented, and incorporate innovation into the public sector. The good news is the interest from some stakeholders within the public sector to advance in adopting new therapies. Even companies bringing established medicines face issues, and for new therapies, it is even more complex. We are in a niche market, and our patient market is very small, so we can bring in orphan drugs as a US pack, avoiding challenges in addressing demand and production. The demand is easier for us to predict based on the small number of our patients and vials needed, however, a clear pathway to the patients is what we strive for. Previously, we presented a dossier with our realistic expectations for the market and received authorization, arriving at our goal: the patient. We don't want innovation to be prohibited by COFEPRIS or the Consejo de Salubridad General but to go to the Mexican patients needing it.*

The government is again approving rare disease therapies. Recently, there has been some action on rare diseases in Mexico; the last Consejo de Salubridad General meeting approved the reimbursement for a key therapy. Four to six new orphan drugs have been incorporated into the Orphan Drug Rare Disease List, which is very short and limited, signaling the government is retaking interest in rare diseases and orphan drugs for a usually neglected population. It is great to see some traction on reimbursement processes and the update of the rare disease list.

EF: Last year, when we spoke, you mentioned recognizing innovation's value and shortening diagnostics times. How do you assess progress over the last year, and is Mexico moving in the right direction regarding two issues?

NL: *Innovative therapies give patients real solutions for previously unmet needs. Life-changing therapies are well-perceived by the government and the payers, especially when documented and upheld by the outcomes confirming the value of innovative treatments. We still have to fight for budgets, allocations, and resources; we even have to fight for the patients initiating therapy earlier in their disease. We are constantly against the clock as we navigate a very complex system in the most efficient way possible to shorten time to patient access. As for earlier diagnostics, rare diseases still face the same challenges, but there has been progress in some disease areas. Since we have a couple of big educational centers where rare diseases are diagnosed in Mexico, there has been a learning curve in some recognized pathologies, resulting in more timely diagnoses. There also is a better offer of diagnostics and molecular and genetic tests, and prices have fallen, making access easier. Still, there is a lack of genetic and molecular testing within Mexico; many tests must be sent abroad to be analyzed, which the pharma industry does, capitalizing on US nearness, volume, and regional negotiations. Ideally, testing could be provided by the Mexican health system and available broadly and not have to be set up by innovative pharma companies.*

EF: With six gene therapy treatments in the pipeline, Ultragenyx wants a clear regulatory path for the approval of gene therapies. How do you ant-

icipate introducing them in Mexico, and what will their impact be on the Mexican population?

NL: *Gene therapies are next-generation treating genetic diseases; the science is complex, and we are still working on clinical studies. Our first therapies will initially be marketed in the US and then trickle down the region. The pathway is still under discussion, and companies with gene therapies in their pipelines and AMIIF are developing a regulatory proposal to present to COFEPRIS. We are still working at a stakeholder level, figuring out the best way to do it, and taking ideas from ANMAT, ANVISA, and other successful regulations already in place. The established orphan drug pathway in the COFEPRIS guidelines could be an alternative for new therapies that address orphan diseases and the path to getting market authorization. However, the big question to be answered is reimbursement. We will discuss this topic with the Consejo de Salubridad General because having innovative market access strategies with payers, etc., needs building. The broad discussion has not happened yet, and we need to bring more stakeholders to the table to be ready and better sooner than later, as the therapies are around the corner. Hence, the discussion needs to be accelerated. It is a matter of balancing our mid-term priorities versus immediate priorities, but the regulatory framework is a must because they are the next generation of medicines. The same parallel can be drawn when we migrate from chemical drugs to biotechnology, with the regulatory system and ecosystem adapting to the change.*

EF: What were the most important or interesting takeaways from Innovation Week for an innovation-driven company like Ultragenyx?

NL: *The pandemic was conquered due to innovation and rapid associations between small development companies and big pharma organizations, accelerating the bringing of the vaccine to the market. The industry has this capability; we can work together and scale up when necessary to provide solutions. There has also been innovation regarding patient-centricity, using phone application models and functions during the pandemic to broaden patient services. There are applications for medicine-taking, treatment adherence, hemophilia to manage the disease at home, and many others that make life easier for patients. As mentioned at Innovation Week, Mexico has the opportunity to participate and become a hub for clinical research. In the specific rare disease world, many rare diseases have been recognized in different communities and patients diagnosed. Pharma companies are interested in having Mexican sites participate in face-to-face trials, a huge opportunity- and rare diseases only need a few people. We must implement an agile system to bring more R&D to Mexico. Many centers drive innovation here, but we must support and bring the pieces together to make Mexico attractive. I refer to research, developing, investing in opening sites, and working with investigation hospitals. Considering our neighbor to the north, it is a kind of R&D nearshoring; many clinical studies and branches could be opened just south of the border. It could be a direct investment in the economy; we are working to bring R&D directly to the country.*

EF: Is there any final message you would like to share?

NL: *We are trying to build partnerships; we have been working on partnerships with payers, hospitals, state health secretaries, and IMSS that are open to dialogue on a broader level to bring solutions to healthcare in general. The current administration is in its final phase; the transition is coming, and we must act now. We are only a couple of months away from the presidential campaign kickoff, and many healthcare issues will not be solved by the end of this administration. We must find a way to work with the candidates thinking of the near-term future addressing healthcare topics, such as supply chain shortages, coverage of the present needs, access reimbursement, etc.*

Vidit Gupta

CEO and Founder
Elevar Salud



EF: What opportunity did you see in the market when founding Elevar Salud? Why do you and your cofounders believe this was the solution Mexico needs?

VG: Our decision to establish a healthcare-related venture in Mexico arose from our profound experiences. Relocating from New York during the height of the pandemic, primarily seeking respite from the winter, I transitioned from a decade-long tenure in New York's private equity sector. A few months after our arrival, two significant events unfolded. Firstly, my mother, who suffers from a chronic condition, visited us. Unfortunately, her condition resurfaced within days of her arrival, leaving us to search for the appropriate medical professionals and facilities to consult. Despite the gradual restoration of normalcy in Mexico City after the pandemic's peak, navigating the healthcare system proved immensely challenging. Determining whether we should seek assistance from an internist, a specialist in chronic pain, or perhaps a different type of physician was somewhat confusing. After an arduous two-week ordeal involving consultation with six physicians, we finally discovered a neurologist capable of accurately diagnosing my mother's condition. This experience left a significant impression on me, highlighting the need for vast improvements within the healthcare system.

The question was clear: How can we ensure equitable access to high-quality healthcare for all, regardless of location or financial means? In Mexico, insurance coverage is scarce, with only approximately 7% of the population possessing private health insurance. The majority must bear healthcare expenses out of pocket, ranging from meager sums of 50 to substantial amounts of 5,000 pesos. This vast disparity called for the need to bridge the gap to establish a middle ground that would grant nearly universal accessibility. This vision became the foundation for the inception of Elevar Salud.

EF: What needs to be done to attract investment, put Mexico on the map, and solidify Mexico as a powerhouse?

VG: In the Mexican investment landscape, the growth and maturation of the technology sector are still underway. For companies like ours or others interested in this field, it is essential to acknowledge that most Mexican private investors and venture capital firms remain fixated on fintech. As an investor-turned-operator, I can openly attest that fintech has been the focus for the past four years, with notable innovation in that space. However, there remains untapped potential beyond fintech that necessitates significant structural development, presenting both economic and social opportunities. Investors must think outside conventional boundaries to seize these opportunities and explore alternative avenues. On the other hand, entrepreneurs should embrace risk-taking and intimately understand people's and society's needs. Resources naturally gravitate towards ventures with a clear vision and expertise by addressing these pain points and employing creative solutions.

EF: How do you see Mexico's technological and AI adoption level?

VG: Over the past six months, AI has emerged as a prominent topic in the technology sphere. However, AI implementation in healthcare should not involve replacing doctors with chatbots or presenting AI directly to consumers. Instead, we envision a layered approach where AI empowers healthcare providers to enhance patient diagnosis, prognosis, and treatment. By relieving doctors of administrative tasks and minimizing potential errors, AI can help them become more efficient and focus on delivering exceptional care. On the consumer side, integrating AI should be a gradual process, avoiding the sudden elimination

of doctors. We anticipate a shift in the next one to four years, where AI augmentation will become more prevalent for patients. Interesting advancements, such as physiotherapy utilizing augmented and virtual reality, are already occurring. In the last six months, I have personally invested in two promising companies in this space. *The evolution of AI implementation should prioritize empowering healthcare providers, gradually unveiling its benefits to consumers and patients.*

EF: How do you assess the distribution of doctors and healthcare access across Mexico, and to what extent can Elevar Salud plug this gap?

VG: One of our key missions is decentralizing healthcare, allowing access to quality healthcare beyond major metropolitan areas. While achieving complete equality in healthcare distribution is challenging, improved access to primary and preventative care is attainable. Digital-first approaches, such as remote patient monitoring and telemedicine, can significantly enhance primary and preventative care. With approximately 63% of Mexicans owning smartphones and 72% having Internet access, the adoption of digital solutions is already well underway. Mexicans embrace online platforms for various services, including grocery shopping, communication, and even car purchases. This growing familiarity with e-commerce presents a tremendous opportunity to leverage technology for healthcare accessibility.

What is lacking is a well-developed digital healthcare system that truly benefits patients. Many attempts at digital healthcare have focused on profit generation by simply connecting doctors via video consultations without prioritizing quality care. Our approach is different. We start with primary and preventative maintenance, meeting people where they are, such as on WhatsApp. Instead of using unreliable internet searches, individuals can easily contact a doctor via WhatsApp, describing their symptoms or concerns. By simplifying the process, we aim to address developing hypochondria and provide timely guidance. From there, we guide patients to the appropriate healthcare resources. If a consultation with a physician is needed, it can be conveniently conducted remotely for a flat fee. We have established a network of recommended specialists for specialized care tailored to each individual's location and needs. By removing the guesswork for patients and reducing administrative burdens for doctors, we enable healthcare professionals to focus on their patients and provide comprehensive care.

EF: Looking back in ten years, how would you like to be remembered as a leader?

VG: As human beings, we all care about leaving a personal legacy and desiring recognition. I, too, aspire to be remembered for making healthcare accessible to all—a fundamental right to life. Taking a risk, despite facing skepticism and laughter, we embarked on the journey of Elevar Salud. I want to be remembered as someone who believed in tackling problems head-on, assembling the right team, fostering self-belief, and, ultimately, taking decisive action. Let us embrace the mindset of identifying issues, solving them, rallying individuals around a shared purpose, and making a tangible difference.

EF: Do you have any final message for our readership?

VG: We are dedicated to collaborating with like-minded entrepreneurs who share our vision. We actively seek out individuals who deeply understand and believe in our mission. The challenges we face are too vast for anyone to tackle alone.

“ Together, we can make a significant impact and drive positive change. ”

Javier Mestres

General Manager Mexico
Emcure



EF: You have worked for an impressive array of local Mexican companies in your career. What attracted you to work at the Indian Pharmaceutical company Emcure?

JM: *India is central to the pharmaceutical industry; around half of the drugs manufactured worldwide come from India.* From a professional standpoint, I was interested in being involved in a large pharmaceutical company. The pharmaceutical industry is very well established in Mexico, and the top ten companies from India are also here in Mexico. I was interested as a Mexican professional because that differs from the strategy these companies usually use when choosing their leadership. That was the first aspect that piqued my interest in getting involved.

The second component was that Emcure is a very fast-growing company in India. There are around 2,500 GMP pharmaceutical companies in India, and Emcure is in the top 12. To be in the top 12 in such a competitive industry is an important metric and another factor that interested me in the project. *There is a need to contextualize or tropicalize the way of doing business at the local headquarters. People think these emerging markets are less regulated than the reference markets, but that is not the case. Regarding regulatory bodies, getting market authorization here in Latin America is sometimes more difficult. Companies need to tropicalize their way of registering projects and doing business to succeed in a market with burdensome regulations and requirements.*

EF: Do you see 2023 as a challenge or as an opportunity?

JM: It is both. On the opportunity side, if you have well-developed projects, you can do well. On the other side, there are regulatory authorities that need to improve their response to the industry. That is one fact that we need to face, and we need to be more creative and get more support from these bodies to facilitate these regulatory processes.

The opportunity is equal to the challenges. There is room for improvement in Mexico over the next couple of years, but the market is growing, and there will be more opportunities there. Things will move forward if the regulatory aspect is solved, and we can homogenize as an industry and get the recognition we seek. Getting approval for a very well-developed product takes at least 24 months. The number of processes that are delayed by this timeline is incredible. That is one thing that we need to work together on as an industry.

EF: Could you elaborate on your footprint and your portfolio in Mexico? What innovative treatments are you bringing from India, and how are you adapting to the market?

JM: We started the registration process of Emcure Mexico over a year ago, so we expect to have multiple authorizations granted very soon. *We have excellent generic products, but our primary focus is on precise therapies of oncology injectables and bone marrow transplants, which is an area where it is difficult for patients to get well-priced products. We also focus on a mRNA platform for vaccines and elements of vaccines and biotech. We have a company called Genova in India, which is part of our biotech arm of Emcure, and we are focusing on bringing innovative therapies and products to this market.*

EF: A large part of Emcure's strategy on a global scale is partnering with local and multinational companies to establish market entry. To what extent do you collaborate with these companies, and how is this accelerating your regional growth and presence?

JM: We don't have one exclusive strategy to go to market. We are very open; if we realize that business can be done business-to-customer, then we go business-to-customer, and there is no problem. If we know that we can commercialize our products through our subsidiary, we do that. If we realize that through our subsidiary, we can distribute with another big distributor and have different partners in different states, then we are willing to do that. That is one of the advantages that this company has. We are very open and willing to work with different types of businesses. *A good partnership requires a product necessary for the market and an appropriate partner. Mexican companies are the first choice for this because you can have direct contact; you can find people who are interested in business at the local level and who want to improve healthcare for patients.*

On the other side, you have opportunities for generic products that the Mexican manufacturers have, but there is space to go directly to the market. You can find excellent partners locally all over Latin America. In Brazil, we have business with a large local manufacturer. In the Dominican Republic, we have distribution and a business model with one of the biggest pharmaceutical companies in the Dominican Republic. *You can find companies in Latin America where you can establish relationships ranging from licensing, tech transfer, distribution, and pre-distribution. You can find suitable partners for every step in the process. These partnerships are essential for market entry. There are local Mexican companies that have over 75 years of experience. They have a long history, are well-managed, and do well in the market. We have to consider what model is best for the product and what model is best for the patient. That is the one thing that we must hold at the center. The product is essential, and I might find a suitable partner, but if it doesn't increase access for the patient, then it is not the correct path. The patients are the ones who are the most important and the reason for our work.*

EF: How has the market evolved over the past ten years?

JM: Things now in Mexico are different than they were ten years ago. Ten years ago, to bid on tenders, first, you had to be a local company, and if you were not local, you must come from a country with a trade agreement with Mexico. Those were the requirements. But now we have an open market model. If you had asked me ten years ago what the outlook was, I would have told you it would be difficult to come in as an Indian company.

“ Now that the market has opened, there are benefits to the country. ”

Every country has good and bad products, but opening up the market can only increase competition and allow space for international products to benefit the country.

Mariano Rozada

Upper LATAM Head and GM Mexico
Glenmark



EF: In the post-Covid times, executives must deal with complex, multi-faceted economic and political scenarios. How do you visualize 2023? Do you see it as a challenge or an opportunity?

MR: I see it as a year of opportunities. I see many opportunities for Glenmark, not just in retail market growth but also in derma and respiratory, which are Mexico's two main therapeutic areas. In the last eighteen months, we launched an extremely innovative molecule for RA (rheumatoid arthritis). We are still harvesting the results of the product's growth in the market, and it will continue to grow in value and unit in the Glenmark branded generics segment. It has been our fastest-growing area over the last two years, which is encouraging. This year and next year will be excellent years for us. We are bringing back a product we lost three and half years ago, which is very good news for us, as it was very strong in the derma market. We have other innovative molecules in the pipeline, which I can't anticipate yet, but we are looking to launch four to five products next year. 2023 is a year of opportunities, which will come with internal and external challenges. However, as leaders, we should be able to turn challenges into opportunities, and I constantly work with my leadership team in Mexico and Upper Latam countries to find opportunities.

EF: Last time you met with Executive Forecast in 2021, you said your mission was to understand and learn the post-Covid market dynamics faster than your competitors to stay ahead. How do you assess your progress over the last two years?

MR: The results are there for anyone to check; our launches and products have done phenomenally well over the last years. We are doing well in dermatology; however, there is room for improvement. We need innovation but are working on it and will have some surprises in 2024. The last time we met, I had recently arrived in Mexico from Argentina and was still learning about the culture and our competitors and finding strategies and tactics to move forward. Two years later, I feel far more comfortable in the Mexican market, even though I am still learning. I still get surprises sometimes, but I accept my mistakes and successes as part of learning. Some risks must be taken, and I have introduced speed to action; I try to be quick in my decision-making as it can put us ahead of our competitors. We work on commercial and operations excellence, which is crucial, and I have made many changes since I arrived in Mexico, going back to basics and how things should be done. I have also put time into people being comfortable working to feel part of a team. We celebrate and share success whenever possible and always as a team success. The results are a consequence of teamwork.

EF: Despite most of your innovation coming from R&D centers in India, does Mexico have the potential to become an innovation hub at a Latin American level? Does Glenmark Mexico contribute to the country's innovation footprint?

MR: I have eight countries under my responsibility, of which Mexico is the most important, and we don't bring innovation to all countries.

“ There is always room for innovation, and I am always looking for opportunities where we can make a difference. ”

We were the first company in Mexico to accept transfers at the sales points; the reps, through their cellphones, can ask for x amount of certain products to be distributed, making the process faster and a way of innovating.

EF: Could you elaborate on how Glenmark collaborates with other stakeholders across the sector and how it brings value to your work?

MR: Collaboration has been in Glenmark's DNA for many years. We are now trying to move into the scientific business. The future lies in collaboration, something the Covid vaccine has already proven; the best results have come from alliances. In Mexico, we collaborate in different ways; we license some molecules here and in other countries under my management, strengthening our portfolio in each market. We identify quick wins for the market that open opportunities for us, and we do the same for products without licenses; we are focusing on three core therapeutic areas in Latin America: respiratory, derma, and oncology. We have some excellent molecules globally. We have many projects in different stages, but the main idea is to promote our in and out-license products.

EF: If you had to create your own startup company tomorrow in the Mexican healthcare sector, what would it be and why?

MR: Maybe in the line of an organization that makes digital prescriptions for better patient tracking and treatment adherence. We still use paper in Mexico and many other places worldwide, but that system is outdated. There is a huge opportunity to go electronic with the global penetration of smartphones. Nowadays, even the older generations learned years ago to use smartphones, and the environment is right for paperless prescriptions. We generate a huge amount of data and can track the prescription, and with data available to the health system, it would be a great business. It is already being worked on and will come very shortly. In Europe and the US, banks have made it possible to cash a cheque only with a photo of the cheque, and with that logic, paper prescriptions make no sense. Not to mention, it would be easier and more efficient for the patient.

EF: Is there any final message you would like to share?

MR: These last two years of managing Upper Latam have been like a roller coaster and an amazing journey, but always with opportunities for the taking. I have to find resources for my teams so they are comfortable in their leadership positions and can lead their teams responsibly and freely. People need space to grow and develop with responsibility and freedom to add value. I point to the road and support them, but they make their path. Of course, all this is easier said than done; the environment is not always the best or easy, and mistakes must be quickly corrected. But, it is the only way to create leaders. I know this from personal experience because other leaders have allowed me to grow professionally and as a human being.

Chapter 6

Leaving A Legacy

Leaving A Legacy



In ten years, when you look back at this part of your career, how would you like to be remembered?



Carlos Humberto Escobar, GM, Mexico, Central America, Puerto Rico, and Caribbean, Baxter International

"I would like to be remembered as *a transformational leader who helped others* improve and advance in their careers. I also want to be remembered as someone who aspires to manage people and companies to achieve their goals in a professional way."



Michele Ingravallo - CEO / MD, Farmacias Benavides

"I aspire to be remembered as an agent of change, a visionary, and an innovator. *Challenging the status quo and stepping out of our comfort zone is fundamental*, both in business and for our personal and professional growth. Therefore, I believe in a clear vision for the future, fostering creativity and forward-thinking through innovation by guiding, encouraging, and inspiring others to reach their full potential."



Augusto Muench, President and CEO for Mexico, Central America, and the Caribbean, Boehringer Ingelheim

"I feel driven to make a difference. I'm dedicated to working with associations, the embassies, our workers, and their families. *Society will advance if we focus and strive for improvement*, which is a way we can bring about positive change if we try to become the best version of ourselves."



Rafael Gual Cosío, DG, CANIFARMA, Mexico

"I believe the pharmaceutical industry can become one of the main sectors of Mexico's economy, which is why we work on improving the Mexican regulatory framework and augmenting exports. We have many projects to develop, and we strive to reach these goals."



Jorge Arevalo, MD of Mexico, GSK

"I am not a man of science; I believe the biggest impact I can create is on people to deliver what patients need. I am the articulator or facilitator without being an expert in any field. I would love to be remembered as *a leader who accelerated and materialized the Mexican transformation* by achieving a successful, high-performing team."



Rodrigo Fernández, Latin America Head and GM, Teva Pharmaceuticals

"I constantly consider my influence alongside my team in increasing access in Latin America. That is the legacy I strive for. Only about 30% of people in Latin America have access to suitable medical care and the treatment they need, so our aim is to extend access throughout the LATAM region. *If I can make a difference, that is how I wish to be remembered.*"



Aarón de la Rosa, Commercial Manager Mexico, Arthrex

"While my accomplishments as a leader within my profession are valuable, my greatest wish is to be recognized as a person of integrity and good principles. Above all, I aspire to be regarded as a person who dedicated time to listen truly, consistently practiced honesty, and engaged in open and respectful communication. These qualities are most important to me."



Astrea Ocampo - GM, Psicofarma

"I would like to follow the company's current path of supplying high-quality products at affordable costs. In this aspiration, I aspire to include other therapeutical classes in order to supply the patients with the care and passion we have tried to give to those in our current work. My biggest goal is to internationalize the company; for the years to come, I will work to achieve a successful operation in the United States to leave the company with international processes set up."



Raman Wattanwar - Associate VP, MSN Laboratories

"How I would like to be remembered is as a strong leader who leads by example. I firmly believe in being hands-on and involved with my team, not just as a distant boss. I hope to be remembered as someone who set benchmarks and achieved milestones while remaining connected and grounded with my team."



Sreekanth Gonugunta - Founder and DG, Mayan Farma

"I'm a pharmacist by profession, and fortunately, my passion led me to a career as a salesperson interacting directly with doctors. Aside from Mayanfarma, I want people to remember me as someone who created critical care access to pre-filled syringes and novel drug delivery systems for limited medicines that are not readily available from most players."



Rocío Bermudez - CEO, Timser Group

"I would like to be remembered as a person close to the health problems in the country. Close in all aspects. Close to the actors and stakeholders who make decisions about health: secretary of health and foundations. I want to be part of this group that consistently generates new proposals that will affect your mother, grandmother, and friend. I want to build something that was worth it and made an impact, not just leave a legacy of having worked 50 hours a week. If you do not give, then it does not come back. The good things multiply."



Guillermo Murra Hernández - Executive Director and GM, GE HealthCare Mexico

"We are driving change in the market, which I feel proud of. We are among the first in our industry to directly address Government without intermediaries. And that's how we can add value to the Mexican Government through direct operations. So that's how I would like to be remembered as the leader that made this happen."



Bruno Valera - Founder & CEO, Medikit, Mexico

"One thing we need to achieve in the healthcare system is to eliminate all egos. If I start thinking about how my company will grow and how I will impact the world, I will lose sight of the purpose. My goal is to create impact rather than create a big company. My goal is to convince other health companies that we must join in solving these issues to move forward as a country in healthcare and on the economic side."



Valney Suzuki, VP & GM - México at Novo Nordisk

"I read an interesting article on the art of listening to people; knowing what is going on is very important. We must listen to the main internal stakeholders within the affiliate -I can do my job better if I listen. However, I must also listen to the external stakeholders and work closely with sector chambers, government institutions, and patient associations for Novo Nordisk

to understand the issues and propose solutions to the challenges. We cannot offer a solution without first listening and understanding the problems. Listening, paying attention, and understanding the problem come first, then we offer solutions. Secondly, the main issue is the vulnerable people needing help and access. We are dealing with a "pandemic"; healthcare systems have huge concerns, and we must deal with diseases such as obesity and diabetes and attempt to bend the curve. Ten years later, I will hopefully look back and know I supported people and speeded up attention and access by listening to internal and external stakeholders, and it will be my legacy."



José Miguel Fonken - DG, ASOFARMA Mexico - Member of the Adium Pharma Group

"I would like to be remembered as a leader who inspires unlimited growth in his collaborators. I like to challenge my team, but also for them to challenge me, which is good for both of us as we both learn. I like to break the status quo with a longer-term vision. I would like the younger generations to see in me the palpable example of having traveled the entire growth ladder in the pharmaceutical industry. Our sector is extremely rewarding, contributing to and touching people's lives, relieving, healing, and improving their quality of life while offering opportunities for growth on a personal and professional level. I hope that my legacy is to encourage new generations of leaders by example to participate in this wonderful sector."

Cause for Celebration



As several organizations celebrate key milestones in 2023, we asked executives how they reflect on the journey so far and how they envision the future of healthcare through the eyes of their companies.



Mavi Farmaceutica – 70th Anniversary
Iñaki de Izaurieta – CEO

"It is crucial to emphasize that the journey, with its many changes, challenges, and triumphs, has led us to success. This achievement is the result of collective efforts. We have accomplished this together as a team. We do not raise individual flags here and claim victory; it is the combined effort and talent of all of us that has propelled us forward."



Fujifilm – 60th Anniversary in Mexico
Javier Giraud – Medical Systems Manager

"I am a Fuji Fan and want to make everyone a Fuji Fan. We need to recognize what Fuji has done for humanity. We were the first digital system worldwide in the healthcare area. We were the company that invented most of this technology, digital memos, and digital radiology. We need to continue being this company that is always on top of technology—providing it not for the present but for the future. The future is closer every day."



Zydus – 10th Anniversary in Mexico
Suryanarayana Nagendra – DG

"It's been a fulfilling journey. We have grown, and we have overcome all the challenges that we have faced in the last ten years. Everything has gone well with Zydus, and we are now celebrating one decade. We have a new vision. We are on the cusp of past glory, present reality, and an exciting future journey. This will not be complete without innovation. That innovation will take place in the next five years. We want to have an element of innovation that adds value to the end users as well as the country in which we operate."



Stendhal – 20th Anniversary
Rodrigo Ruiz - GM

"The main message we want to convey is that we are the right partner to provide innovation to patients across all of Latin America despite the challenges posed by working with different governments and guidelines. Our business model is well suited to delivering that innovation. We do not need to reinvent the wheel. We have the right gloves to play in that ring and provide benefits to potential patients. Our 20th anniversary is actually this year; we started operations in 2003 with our first HIV business unit."



Laboratorios Silanes – 80th Anniversary
Rafael Quintanilla – Director of Pharma & Biologics

"We cherish our past, but for Silanes, the true celebration of our 80-year journey lies in building the next 80 years. Our mission, "Hacer de la vida una historia saludable" (Transforming life into a story of health), is at the core of our purpose. Together, with a passionate outlook, we march forward, determined to make a meaningful impact on the healthcare landscape for generations to come."



Hospitales MAC – 15th Anniversary
Eduardo Verboonen Khoury – Deputy CEO

"Over the last 15 years, we have grown from a small hospital in the heart of Mexico into a significant healthcare player. We are incredibly grateful to our dedicated doctors and medical staff who have contributed to this journey. Their expertise, combined with our infrastructure and processes, has truly been a match made in heaven, enabling us to provide top-notch healthcare to the population in smaller cities and towns across Mexico."



Uquifa – 50th Anniversary
Miguel Angel Maceda Marquez - DG

"Uquifa was among the first companies to establish itself here when it was just an empty plot of land. Each member of our team has contributed to the growth and success we have achieved over the years, leaving behind a significant legacy. I consistently remind our team of the importance of collaboration, communication, flexibility, and offering solutions to one another. I firmly believe that the next generation of leaders will ensure that this company thrives in Mexico for at least another 50 years."



3M - 80th Anniversary
Fernanda Guarro, MD

"I want to keep creating opportunities, enabling more innovation, and be of help in assisting the customers, employees, and shareholders in taking advantage of the moment to deliver results. We must be creative in a challenging environment, innovating and capitalizing on global megatrends. The biggest megatrends we are working on are auto-mobility, electronics, sustainability, vitalization, robotics and automation, e-commerce, well-being due to the pandemic, home improvements, and safety."

Michele Antonio Ingravallo

Chief Executive Officer
Farmacias Benavides, México



EF: How do you and Benavides view this year as a challenge or an opportunity?

MI: In 2023, Benavides encountered challenges, particularly concerning the country's health situation and the dynamics of healthcare in the market. However, amidst these challenges, we've discovered numerous opportunities. *The increased demand for clinical services and medicines has created a favorable environment for growth. With strategic planning Benavides has positioned itself to capitalize on these opportunities, specifically targeting chronic disease management. Our focus on this segment has driven significant growth in Mexico.*

Navigating the government's agenda, including healthcare benefits changes, is essential. Additionally, managing inflation and cost increases from commercial partners and suppliers is a priority. While we face strong competition in existing and new markets, we have embraced this as an opportunity to revolutionize our approach and operations in Mexico.

COVID-19 has undoubtedly presented a significant upheaval for many industries, and we are no exception. As we move towards normalization after the pandemic, we find ourselves motivated to reinvent ourselves and explore new business prospects. *Despite the challenges, our determination to succeed remains unshaking. We view the future with optimism and enthusiasm, confident that Benavides will continue to thrive in the ever-changing healthcare landscape.*

EF: Can you provide context on Benavides' footprint in Mexico and your role in the country's health system?

MI: Over the past three years, we've identified market gaps and potential areas for growth. Our expansion plan has evolved, featuring three distinct formats tailored to our customers' needs: flagship, neighborhood, and express stores. This year's focus has been on ensuring the quality of our stores rather than sheer quantity, setting us apart from competitors.

We continue strengthening our presence in both main and secondary cities, responding to demographic growth and reaching out to underserved rural populations. As we venture into new territories, we approach expansion thoughtfully, investing in various products and prioritizing service and quality. This commitment allows us to offer accessible healthcare options to Mexican families, bridging gaps in access and ensuring their well-being.

Expanding to new territories, from Yucatan to Los Cabos, is a strategic move, not just an experiment. We invest significantly in products, supply, and service quality to ensure the success and profitability of our stores. We recently celebrated 106 years as Benavides in Mexico, reflecting our wealth of experience serving the country. Our continued dedication to growth and customer satisfaction drives us forward with confidence and pride.

EF: How is Farmacias Benavides acting as a key access point to healthcare in Mexico? How does healthcare access in Mexico compare to a country you know, such as Chile?

MI: *In a highly competitive market like Mexico, Benavides stands out as the go-to access point, offering top-notch quality products at fair prices, including our brand. We have been creating our brands since before Benavides was acquired by WBA, and now, our focus on providing patients in Mexico with high-standard products sets us apart.*

Leveraging our experience with the Almus brand in Europe, we are transitioning to the Benavides brand as our flagship pharmacy brand. While home brands are uncommon in the Chilean market, we are pioneering the launch of our brands there, further establishing our commitment to excellence and innovation.

Loyalty programs play a crucial role for patients, offering them the best options and promotions in the market. These programs are widely utilized in Chile, requiring a single ID for all retailers. In Mexico, however, each retailer has its own approach to loyalty programs. For Benavides, it's about keeping patients loyal and supporting them throughout their treatments to ensure adherence and positive outcomes. The focus is on helping patients rather than retaining them in the program.

The latest initiative from Benavides includes two types of clinics: GP and Benamedics. These clinics are attached to pharmacies, offering quality clinical services valued by patients despite the symbolic cost. Both countries have key access points to healthcare

compared to Chile, but the advantage lies in retailers adhering to this opportunity. However, misuse can occur, as some people exploit the benefits meant for others.

EF: Could you elaborate on your online pharmacy services and how they complete your physical stores?

MI: We constantly engage in key studies to stay updated with the latest technology developments in our business. For instance, we offer online services to facilitate medicine orders and deliveries through platforms like Uber, DiDi, and Rappi. We're also focused on developing user-friendly mobile applications, enabling customers to access pharmacy information, schedule appointments, and available promotions.

Embracing robotic process automation (RPA) has significantly improved productivity and cost-effectiveness. Artificial intelligence enhances customer experience, optimizes processes, and provides personalized patient care services. Some AI applications include recruitment bots, chatbots, virtual assistance, inventory optimization, and customized recommendations. We leverage these technologies to their full potential, enhancing the overall healthcare experience for our customers.

We rely heavily on data analysis platforms to make informed decisions and improve operational efficiency. *This enables us to offer more personalized services to our patients and consumers. Our pharmacy infrastructure ensures reliable connectivity and advanced security management, safeguarding our assets in this rapidly evolving technological landscape.*

Launching our mobile app will provide an additional sales channel, complementing our physical pharmacies and online platform. Customers can access our services through the app, online, or via phone sales. *We strive to cater to all customers' preferences, including those who prefer phone-based assistance, particularly older people, who are gradually becoming more tech-savvy. Embracing these diverse channels allows us to enhance accessibility and convenience for all.*

EF: How do you perceive the adoption of your digital pharmacies when analyzing the data? Is there any apprehension regarding this aspect?

MI: Customer behavior is of paramount importance in our approach to the market. Understanding their needs, preferences, and demographics allows us to adopt appropriate technologies and channels. By providing various options, such as apps, websites, and phone sales, we ensure inclusivity and convenience for different age groups and segments of the population.

The key to successful adoption lies in offering channels that align with individuals' realities and preferences. Younger populations prefer apps, while those working on computers may opt for websites. Our strategy focuses on tailoring the approach to each person's needs, empowering them to choose the most suitable channel for accessing healthcare. This personalized approach is paving the way for adopting new healthcare methods in the country.

EF: Could you tell us more about your recent partnership with Tecnológico de Monterrey and any other ongoing initiatives you have?

MI: Investing in education has been a cornerstone for our leadership team, enabling us to develop essential skills in an ever-changing environment. Our digital transformation strategy, initiated two years ago, has been a major focus, with specialized programs in renowned institutions like Tecnológico and IPADE. We've also created a talent program, providing managers and the levels above with valuable training to tackle digital transformation, customer centricity, and new ventures. These partnerships educate our current staff and connect potential talents and future graduates to the real-world challenges they'll face. *Our commitment to continuous learning empowers our team to thrive in a dynamic and forward-thinking healthcare landscape.*

EF: Do you have any final message for our readers?

MI: *As the market rapidly evolves, driven by technological advancements, leaders must think ahead and regularly validate strategies with their teams. Involving more minds leads to greater ideas and ensures sustainability for our businesses. Developing our people and nurturing talents should be a priority to foster future leaders and provide a sustainable healthcare model. As leaders, we must be bold and aware of our surroundings, embracing innovation for a brighter future. Fueling talent is key to driving progress and maintaining a successful healthcare industry.*

Carlos Humberto Escobar

General Manager, Mexico, Central America, Puerto Rico and Caribbean
Baxter



EF: Taking the need to balance different economic and political situations into consideration, do you see the year 2023 as a challenge or an opportunity?

CE: 2023 is both a challenge and an opportunity. As a multinational company, we are focusing on increasing our efficiency to better serve the markets. Last year, we started looking deeper into our different portfolios with the aim of focusing more on Medical Technology, and that is currently an ongoing process. I see positive results. *The market needs innovative companies like us that recognize that there are different niches and needs within the healthcare sector that require our effort. 2023 is going to be challenging, but we are on the right path.*

EF: What was the mission you were given or that you set for yourself when you took over as the General Manager of Baxter International?

CE: Firstly, *I want to amplify Baxter's voice in the market. One of my main goals is to raise the bar and establish Baxter as a company that is transforming the healthcare sector to bring innovations to the marketplace. We want to continue developing our employees by creating a strong organization that can attract the best talent. You cannot achieve this if you do not have the right talent to do it.*

EF: What is the significance of Mexico to a global company like Baxter?

CE: *The Mexican market represents close to 40% of the value of our sales in Latin America. Mexico is important for our presence in that market, as we have a strong manufacturing footprint here. We bring much employment to these countries. Manufacturing and sales are the two things that make Mexico so important to us.*

EF: What are the advantages of having a local production footprint, and what can be done to further enhance the capacity of Mexico?

CE: It is important to establish local manufacturing hubs. For example, if you look at the IV products that we supply, they are required in large volumes. During the pandemic, there was an overall situation in the industry of broken supply chains around the world, and not having a manufacturing plant in Mexico could have caused a disruption in the business, making it difficult to cater to our clients. Fortunately, we had a manufacturing footprint here. *A local production footprint has the potential to supply local hospitals while also providing employment to a variety of people. Mexico has taken steps to start promoting nearshoring initiatives in order to serve the US market, and that will open new opportunities for the industry.*

EF: What is your assessment of Mexico's potential to become an innovation hub in Latin America?

CE: You can look at this from different perspectives. In terms of manufacturing, we're exporting a lot of the automation that is being created in our manufacturing process to other plants within Baxter. We are starting to build those hubs that include those manufacturing plants and capabilities. We have a strong team that helps us create more volume and initiative. *We are working closely with universities such as Tecnológico de Monterrey and several*

others in the area of Morelos. They are helping us grow more rapidly in terms of automation. The increase in volumes aids in the development of our commercial capabilities. This type of innovation benefits manufacturing while also developing digital solutions and new models to treat patients in the country.

EF: How would you like to be remembered as a leader ten years from now?

CE: *What I enjoy most about taking on a new role is seeing how I can transform it and make it different from what we have done in the past. I would like to be remembered as a transformational leader who helped others improve and advance in their careers. I also want to be remembered as someone who aspires to manage people and companies to achieve their goals in a professional way.*

EF: If you had to design a road map for the future of the Mexican healthcare industry, what would your three main pillars be?

CE: The first pillar would emphasize patient-centricity. We need to transform and put the patient first. Mexico is a very fragmented market, and healthcare is an example of that. Therefore, it will be extremely difficult if we do not connect one sector with another and build a strong ecosystem. We need to tie the different interests together and create a strong collaboration between the government and the private sector. Doctors need to be more involved in the future of the healthcare sector in Mexico. Another pillar is access to technology and healthcare. *Many people in Mexico City do not have access to the healthcare system. We need to build an affordable system that embraces new technologies to provide better care to patients. I think those will be the key elements that need to be worked out in order to have a better healthcare system in Mexico.*

EF: Is there any final message that you would like to give?

CE: I would like to reiterate the need for the different stakeholders in the healthcare system to find and clarify their missions and what it is that they are trying to achieve to drive big changes in the future for our society. That is one of the key pillars. Without innovation, it will be very hard to really move the healthcare sector to a different dimension, and that is where we need to collaborate with governments. *We need to educate more people and work closely with different stakeholders, both the government and private sector, to make it easier and faster to get approvals for new technology so that we can move healthcare into a new dimension.*

“ Everything is about talent. If you do not have the right people to do the job, it is very difficult to evolve these big companies and achieve the innovation that we need for the healthcare sector. ”



Augusto Muench

President and CEO for Mexico, Central America, and the Caribbean
Boehringer Ingelheim



EF: How do you assess the progress of the mission you set for yourself over the last couple of years, and what opportunities do you see in 2023?

AM: *The research-based pharmaceutical industry had to reinvent itself during the pandemic as it faced market challenges. As a result, it showed the world the importance of investing in research and problem-solving technologies. There are advantages to developing and using the latest technologies in healthcare. Before the pandemic, product solutions and vaccines would undergo years of research. However, the pandemic showed us that we could achieve a lot quickly. There are several communicable and non-communicable diseases we must find solutions to or be prepared for.*

EF: How do you, as a leader, see the potential of Mexico becoming an innovation hub on a Latin American level?

AM: *Mexico has everything it needs to become an innovation hub for the region and the world. Currently, several investments are moving towards innovation in Mexico. We aim to keep increasing and attracting more investments. Mexico has several opportunities for growth in its vast amounts of unused land, access to innovative technology, and geographical location. We are neighbors to a country that has nurtured innovation into its DNA with great respect for intellectual property. The US has an evolved concept of how innovation works and the different ways we can leverage innovation. Exportation to the US is key to the growth of the country.*

We have much work ahead of us to work around a regulatory system that needs to keep up with the pace of innovation. Despite having some of the highest levels of clinical trial investment in Latin America, many companies opt to conduct their innovative trials and clinical research outside Mexico due to our current rules and regulations. With the right adjustments, however, Mexico has the potential to become a leader in innovation. Our laws and regulations must evolve to reach our full potential.

EF: How is BI working and collaborating with different stakeholders to ensure the sustainability of health?

AM: *There is a great difference between promoting isolationism and self-sufficiency. There are many innovations because of all the alliances and partnerships between institutions and sectors. The greatest innovations come from collaborations. Ensuring different sources of active pharmaceutical ingredients, packaging materials, research, intellectual property, and new advancements in therapeutics for communicable and non-communicable diseases are sustainable through collaborations. BI considers an important part of its footprint our local and international partners. We are currently the only BI site in Latin America that is FDA-certified for exportation.*

We need to explore more partnerships in LATAM. We work with CANIFARMA, AMIF, the German Embassy, and the Chamber of Commerce and Industry (AHK-CAMEXA). I was vice president of the AHK in Buenos Aires. Now, I am part of the advisory committee at CAMEXA here in Mexico. We constantly work with FUNSALUD to improve healthcare in Mexico. We can only solve healthcare's biggest challenges if societies, hospitals, public and private sectors, and all the stakeholders collaborate.

Supply chain challenges have defined how we carry out business. We must remember the difference between self-sufficiency and isolationism. To solve the current supply chain challenge, suppliers and distributors must collaborate. These collaborations all fall under daily operations.

Additionally, BI annually holds showcase events with education partners to attract local university students to our company. If students are attracted by our purpose and work culture, they can apply to work with us once they graduate.

EF: What are the three pillars in your roadmap to the future?

AM: *To foster an innovative environment internally, we must foster diversity and inclusion. For sustainable long-term innovation, diversity is a necessity. Companies can*

guarantee different sources of self-sufficiency, but diversity is needed for sustainability and success in these changing and challenging times. We have three pillars to achieve sustainable development for the future: more health, more green, and more potential.

At BI, we are dedicated to creating more health and promoting sustainability. It is about guaranteeing the continuous release of new therapies to market, constantly observing our activities, and taking care of our environment. That's why we work with farmers in Xochimilco to supply fruits and vegetables to our employees through social programs.

We have developed programs for our employees to guarantee physical, financial, and mental health. We started a therapy program during the pandemic through a third-party provider for employees who needed it. It is one of the most successful programs we have launched for our employees. It was so successful that we extended the program to physicians during the pandemic.

We are the first global BI site and the first pharmaceutical in Mexico to have an Alliance for Water Stewardship certificate for three consecutive years. We have a well that provides water for our manufacturing facility and site. We also have a treatment plant for the water we use for our manufacturing facilities. If we do not work together to protect the environment, we disadvantage the sustainability of future generations.

One of the things that set Boehringer Ingelheim apart is the fact that it is a family-owned company. I have been with the company for twenty-three years and have had the greatest professional growth experience. BI forecasts generationally rather than in business quarters, differentiating it from a publicly owned company. That is why our sustainability pillars exist for future generations. BI's executive committee is based on shareholders that think long-term. Success is measured in the long run.

EF: How would you like this period of your career to be remembered?

AM: *I feel driven to make a difference. After being away in other countries for 14 years, I grew dissatisfied with my home country. When I was presented with a job opportunity in Mexico, I considered that if I was such a harsh critic of my homeland, I should come back and attempt to change it. I'm dedicated to working with CANIFARMA, AMIF, CAMEXA, the embassies, our workers, and their families. Society will advance if we focus and strive for improvement. We can bring about positive change if we try to become the best version of ourselves.*

EF: Do you have anything else you want to communicate to our readers?

AM: *Boehringer Ingelheim invests in cardio-renal-metabolic diseases (such as diabetes), immunology, oncology, respiratory diseases, retinal health, and central neuro-system. We annually invest 20% of our global revenue toward pharmaceutical research. BI has had a major impact in the respiratory diseases field and continues to invest in this realm.*

Recently, we have been working on a medication combined with a digital tool to assist those patients suffering from schizophrenia effects. This is a unique combination for Boehringer Ingelheim, utilizing the current international level of research to result in such innovation. We will be pleased to introduce this product, as it may improve the cognitive capabilities of those with schizophrenia. Our work is truly ground-breaking, representing the innovative advances created by today's global research endeavors.

At the end of last year, there were hints of an avian influenza outbreak among animals in Mexico and other parts of the world. Together with CANIFARMA, we provided 40,000 doses to Mexican farmers to break the spread of avian influenza. It was a success because we collaborated with the government and CANIFARMA and dispatched the doses for speedy delivery to prevent the spread in Mexico. The vaccine is an outcome of our research on animal health. Research is the key to progress.

Jorge Arévalo

Managing Director
GSK, Mexico



EF: In the post-Covid times, executives must deal with complex, multi-faced economic and political scenarios; even some big companies are restructuring and reassessing their footprint. How do you visualize 2023 for GSK? As a challenge or an opportunity?

JA: *Even in the most challenging times, I look for opportunities.* We are transitioning from the pandemic into an endemic, but there will still be Covid. 2023 will be a year of consolidation after the pandemic. The policymakers will have the presence of mind to focus on long-term essentials. In 2019, the government had plans to introduce changes in health, but the pandemic delayed them. *Now, with more stability and a longer-term perspective, the focus can go to new processes and priority investments, which will translate into opportunities for our sector.*

EF: Could you elaborate on the evolution of GSK's Mexican portfolio in the post-pandemic era?

JA: *GSK is going through a global transformation process, each country at its rhythm linked to the spillbacks into the different markets. In Mexico, the largest part of our portfolio till 2022 was general medicine and personal care products, followed by HIV drugs and vaccines. Oncology and immunology have always been part of our research, and commercially, we are now aggressively entering specialties and planning our oncology comeback.* For the middle term, we envision a more balanced portfolio; vaccines are gaining traction, and we have innovative vaccines for children and adults. Auto-immunization is an area that has not been properly explored or developed in Latin America, and there is much to be done in Mexico. There are some vaccines for adults, but new concepts, such as immuno-fitness, are now being considered. Even if Mexicans eat better and exercise more after turning fifty, their immune system declines. With the aging population, auto-immunization is critical for the future. We have R&D in biologics and partner with other industry players to bring new products to the market. We have a biologic product for severe asthma that is doing very well, another for lupus nephritis, which is growing, and by the end of the year, we plan to launch our first cancer product and have more in the pipeline. *We have plenty of new products coming, which will change GSK's profile, giving it bigger participation in vaccines and specialties such as oncology without abandoning primary care, which will continue to be an essential part of our business. We have innovation in the primary care pipeline.*

EF: Does Mexico have the potential to become an innovation hub in Latin America? What is GSK doing to generate innovation in Mexico?

JA: *GSK has three main R&D centers in Latin America, Argentina, Brazil, and Mexico. The Mexican R&D center has been established for twenty-five years, where all the new products are tested, and all portfolio products are investigated. Mexican participation in clinical trials is very relevant due to the closeness of the United States, as it has a large Latino population.* The Mexican institutions have a high-quality standard and are approved by European and US regulatory agencies. Our hospitals and clinics are also excellent, and Mexico is known for its clinical investigation. Mexican institutions and scientists have a very high level in pharma, chemistry, and biology. In Argentina, Brazil, and Mexico, GSK has a program called **Cross in Science**, which promotes basic-level research in these three countries based on partnerships GSK has with academic institutions and the government to finance local

investigators. If the research ends up in a product or a patent, it is for the local investigation group, although GSK does have the first right to use the patent. It is a great program, and I have worked closely with it in Argentina. In Mexico, I know of a product very close to being patented, born from clinical investigation testing done by Mexican scientists and institutions with our collaboration. *We also place investigators in institutions abroad to work on the transference of knowledge and technology. Cross in Science is recognized and has had very interesting results.*

EF: Many large companies are evolving, restructuring, and transforming. GSK is becoming more specialized, creating the consumer spinoff Haleon. What does this mean for GSK? How does it strengthen your position within the market?

JA: Six years ago, we had a meeting with financial market analysts on positioning the company in Mexico. They said it was hard to position us because we covered pharma, vaccines, and consumer health, giving the company a mixed profile. We thought it was the correct way to balance out and grow in the longer term and provide a more appealing company profile to the financial market. But the advice was to focus on what we do best. Our then-CEO decided we should try to build the best pharmaceutical and consumer companies, and that was what we did. *We merged our consumer health division with Pfizer and Novartis consumer health, creating the world's number one OTC consumer health company, leaving us to focus on drugs and vaccines. From a financial perspective, the transformation was good for attracting investors to the different companies, making more sense as the two areas operate very differently. In pharma, investors are interested in growth, and risk is higher due to R&D. All in all, it gave us the flexibility to focus our energy on developing new drugs and vaccines. With the separation of divisions, I believe the growth potential for the new GSK is tremendous, with benefits for patients and shareholders. We are a patient and solution-driven organization.*

EF: What is your approach to adopting and using more technology, AI, and innovation in the sector? How is GSK leveraging digital tools to enhance operations in Mexico?

JA: Despite not being a tech expert, I see the impact and benefits of technology at all levels of our organization. The core of our organization is R&D; technology, AI, and machine learning are critical as they help us identify new approaches and targets and speed up the pace of innovation. *Technology's potential is almost immeasurable for the patient due to the precision and personalization it brings. It increases patient engagement and therapy adherence.* It opens doors to personalized treatments in the medium term. It has impacted our relations with doctors, ACPs, and ACOs, going from face-to-face interaction to personalized relationships through digitalization. We message according to the client's needs with immediacy, sending the right content through the right channel at the right time. *Technology has boosted our internal processes within our organization, making us more agile, efficient, and productive. AI will be huge as it will accelerate, change, and impact from discovery to prompt delivery at all levels and all the way. Digital transformation will make companies more efficient, productive, and targeted, with the patients as the final beneficiaries.*



Fernanda Guarro

Managing Director
3M, Mexico



EF: You were appointed Managing Director of 3M over a year and a half ago; what was your given mission, and why were you the right person for the position?

FG: A very important milestone for the subsidiary was having a local person represent the company. *Due to the geopolitical environment and the importance and relevance of Mexico - in the top ten global organizations - 3M wanted the value of somebody who understands the language and culture. My expertise as a former supply chain leader and my work in corporate affairs in complex regional projects of high strategic impact gave me the necessary skills to represent 3M in Mexico. Even though I have the skills and proven expertise, choosing a woman was part of 3M's message, showing that diversity, equity, and inclusion are important for the company.* The culture of diversity is fundamental; all 3M employees contribute to a welcoming, respectful work environment that brings out the best in people.

Our culture of inclusion is a strength that drives success, specifically growth. We cultivate a connected community, one of our biggest strengths; we seek and celebrate diversity in all leadership groups. 3M is intentionally taking action on these points. We transparently welcome and accept all employees as they are, value expertise, not seniority, and foster the learning and development of those who work with us. Leadership appointments consider these points; we have a holistic overview of the development plans for leadership advancements. I feel honored to lead 3M in Mexico.

EF: Companies are transforming, and 3M is no exception. You are part of the new generation of executives shaping the future; considering the iron triangle of business management: time, price, and quality, which two variables would you pick for the transformation, and why?

FG: The appraisal is fundamental to the new leaders and me. *A company is more than financial results; this view transforms from how leaders approach new challenges. Before, leaders were very focused on numbers, targets, KPIs, etc., which are important for a business as we need to deliver. But the "why" has been overtaken by the "how" and is deeply embedded in 3M's culture.* The "how" covers many topics and priorities: sustainability, inclusion, innovation, and people. It is about seeing people from another perspective, other than HR management and outcomes; it empowers and inspires them to live the company's purpose. 3M is a company based on scientific exploration; we work with the conviction that every problem has a solution. We start every sentence with "what if..." and this curiosity sparks the creativity to innovate and improve people's lives. At 3M, we strongly believe that innovation has created what we are. Our portfolio has 55 thousand products and more than 110 thousand patents, and one of our biggest priorities is to transform 3M in Mexico.

EF: What is Mexico's strategic importance to the Group? What is 3M's footprint, including the hard and soft variables, R&D, manufacturing, and people?

NL: 3M celebrated its 75th anniversary in Mexico last year; *over the previous 76 years, 3M has supported the country's growth. We have an extremely broad portfolio in Mexico, including transportation, abrasives, filtration, automotive tapes, filters, design and signing reflectors, graphics and films, electronics and communications, chemicals and electronic tapes, consumers and offices, adhesives, and products for consumers. Our healthcare portfolio includes all related to auscultation, sepsis, sterilization, microbiology, skin and dental care, services for security and protection, and industrial cleaning. We participate in twenty-three different industries, with various ways to impact Mexico's development and growth. We have almost ten thousand employees and four manufacturing sites. Our manufacturing footprint is very strong and has been strong for many years.* Our plant in San Luis Potosí focuses on

abrasives, fibers, and fastening mechanisms for diapers, packaging tapes, electronic tapes, components for the telecommunication industry, medical devices, and personal protection products. Our Ensenada site focuses on aerospace because that industry's hub is there. Our Monterrey plant concentrates on water and air filtration. In Ciudad Juárez, we have our biggest manufacturing site in the country dedicated to our business consumer group with very important brands in the market, such as Scotch-Brite, Command among others, and cleaning products such as abrasives and a few healthcare products.

EF: Is it only for the Mexican market?

NL: We have been nearshoring for many years. The three manufacturing sites in the north, Ensenada, Monterrey, and Ciudad Juárez, are dedicated to the North American market and export to other countries to a lesser degree. The site in San Luis Potosí serves the Mexican and Latin American markets, the US market to some extent, and countries in Asia. *We export to twenty-three different countries. Regarding R&D, we have an innovation center based in Mexico City that is a tool to showcase what we have and offers technical support to our customers. Our high-end products have innovative technology, and we must ensure they are well applied and used to their full advantage.* It also brings in university students and secondary and elementary school kids. We are interested in reaching out and fostering girls interested in science, and innovation is a powerful tool to achieve this. We also have an R&D center in San Luis Potosí with many innovative manufacturing improvement processes. *Our footprint is very large, and we have plans to be leaders in Mexico for the next seventy-six years.*

EF: Could we talk about women in science and your program on the subject?

NL: *Our program, "25 Women in Science in Latin America," aims to recognize women's role in science and innovation. The program was created to position women in science at the center of the action.* This year was our third edition of recognizing women researchers who promote and develop projects in the scientific field to inspire women in the region to study STEM disciplines. A jury of 3M representatives oversaw selecting 25 female scientists for 2023, and we also invited external guests with extensive experience in science, research, innovation, and entrepreneurship in Latin America. The ethically robust and solid jury went through thousands of applications. Our first edition received one thousand applications demonstrating the interest in these kinds of initiatives, and six Mexican scientists were selected; seven in 2022 and eight this year. It is a wonderful program because we can inspire girls.

EF: Do you have any advice for women pursuing a managerial career in Latin America? What would be the needed tool kit?

NL: *The tool kit changes, but self-belief is essential for leadership positions and scientists. As women, we must believe we can take on the next role and be prepared for it. We don't want the management role because we are women but because we have proven to the organization and our colleagues to be the right person for the position. We must do our homework, not so much in the technical areas as we have those due to the career we have followed, but in the new soft skills needed to lead an organization.* Networking is important, and as women, we are often uncomfortable networking as we feel it might be misinterpreted, or we need to be more confident we are doing it correctly. The only way to be seen above your first circle is by networking. Networking must be part of our everyday work and a way to relate to other company employees. In my case, the decision to appoint me was not made locally, so it was important to do my homework and ensure the right organizational stakeholders knew me and my work and had positive feedback.

Rafael Quintanilla

Director of Pharma & Biologics
Laboratorios Silanes, México



EF: From your and Silanes' perspective, is 2023 a challenge or an opportunity?

RQ: 2023 presents a significant opportunity for our company. Over the past five years, we have diligently prepared for the future by strengthening our organization, establishing a robust pipeline for new products, and assembling a top-notch team. These efforts have positioned us to capitalize on the market's prospects. Last year alone, we launched three new products and ventured into a previously untapped therapeutic class for respiratory treatments. We introduced another product at the beginning of this year, further expanding our portfolio. We are gearing up to unveil two more products in the upcoming months, demonstrating our commitment to continuous growth.

While challenges are inevitable, our company has always navigated them with resilience. Political fluctuations, shifts in healthcare systems, and changing customer behaviors have been a constant, but we have consistently leveraged these challenges to uncover new opportunities. Throughout my extensive 35-year career, I've witnessed this dynamic play out year after year, and it all comes down to how well a company seizes its potential.

For us, the horizon is bright. We are introducing many new products, reinforcing our market position, and forming valuable partnerships, like the one in the USA, where we collaborate with another company on an antivenom product. Anavip, our rattlesnake and copperhead snake antivenom, launched three years ago, is steadily gaining momentum, creating diverse avenues for growth. In summary, 2023 holds immense promise for us. With a strong foundation, an array of innovative products, and a proactive approach to market challenges, we are set to embrace countless opportunities.

EF: Can you elaborate further on your footprint in Mexico and the range of your portfolio?

RQ: In 2023, we see a significant opportunity ahead, as we've spent the last five years diligently preparing our company for the future. Our focus has been building a stronger organization, fostering a robust pipeline of new products, and assembling a talented team to drive our success.

Our major business in the Mexican market lies in the cardiometabolic area, particularly with a strong presence in diabetes treatment, where we stand as a key player, representing close to 50% of the market. One of our proudest achievements is a product developed by Silanes over 15 years ago, licensed to major companies like Sanofi Aventis and another in Brazil.

The cardiovascular domain has seen recent success with our launch of a groundbreaking combination of two drugs to reduce cholesterol. Given the prevalence of metabolic diseases and diabetes in Mexico, this represents a significant market opportunity to address the country's health challenges. One of our recent successes includes a unique combination of antihypertensive and rosuvastatin, efficiently addressing multiple patients' needs.

Another significant area of focus for us is analgesics. We prioritize product development, striving to make a real impact on patients' lives. As a Mexican company, we are distinct from the commonly branded generic firms, choosing instead to introduce products that truly matter. Our growth strategy for the next five years centers around organic developments, driven by a dedicated team of 100 talented professionals at our manufacturing plant, all committed to creating innovative products and combinations.

In addition to our organic developments, we have established ourselves as an ideal partner for global companies seeking to enter the Mexican market. Our pipeline comprises a mix of organic and inorganic products through licensing agreements. This strategy positions us for future growth. The analgesic business in Mexico represents about 30% of our overall portfolio, featuring a range of products, including muscle relaxants and pain relievers. Recently, we introduced a

groundbreaking liquid sachet analgesic for faster relief and enhanced patient compliance, further strengthening our product offerings.

Towards the end of last year, we proudly introduced a unique combination of pregabalin and tramadol to address neuropathic pain. This type of pain significantly impacts patients' quality of life and is often severe, with limited treatment options available. The success of this combination, launched last year, reinforces our commitment to developing effective solutions. In our pipeline, we have ten more products planned for launch in the next three years, all aimed at targeting crucial patient symptoms. By enhancing the quality of life, we have established a strong presence in this field, offering a portfolio that makes a meaningful difference to those we serve.

Our third major business revolves around antivenoms, which has proven to be a significant venture for us, especially in Mexico's government sector. The government's commitment to providing patient access has bolstered this aspect of our business, accounting for approximately 15% of our total operations. Silanes takes pride in being a global leader, offering vital protection against venomous bites. We initiated our journey with an antivenom for scorpions, followed by the successful launch of a snake antivenom three years ago. Currently, we are in the process of registering a new product in the USA, specifically for the Black Widow spider. With a strong presence across Mexico, Latin America, Europe, and the USA, we have significantly reduced mortality and complications associated with these bites. To put things into perspective, worldwide, there are over 400,000 amputations and more than 100,000 deaths annually resulting from venomous bites, with a significant number occurring in Africa.

We plan to explore two more therapeutic areas, including senescence-related products, to cater to an aging population. As demographics change, we aim to be at the forefront of delivering effective treatments for seniors.

Our success is attributed to our talented team, skillfully managing different business units, and fostering a culture of innovation. By aligning our strategies with organic developments and strategic partnerships, we are poised to impact the healthcare landscape and continue our growth journey positively.

EF: From your perspective, how do you evaluate the lack of emphasis on preventive care, particularly given the significance of an aging population in Latin America? How can we shift the balance more towards prevention?

RQ: As we look ahead to the market beyond 2040, we anticipate significant healthcare and prevention strategy changes. The aging population, especially those above 50, may face preventable diseases, while the younger generation is becoming more health conscious. This shift emphasizes the importance of prevention, spanning primary, secondary, and tertiary stages. Our current focus lies in the tertiary stage, where patients with conditions like diabetes need specific goals regarding glucose levels and hemoglobin to prevent severe complications such as limb or organ loss. *In light of this, our efforts are dedicated to a future where comprehensive prevention, targeting each prevention level, will enhance overall well-being and longevity for all age groups.*

Moreover, we foresee a transformative impact on cancer treatment and potential cures in the coming decades. As cancer cases rise, prevention will become a major focus. We hope that within 20 years, cancer will transition from a dreaded illness to a curable one. Consequently, prevention will take center stage, with the rising incidence of cancer cases prompting the non-affected population to take proactive measures. *This shift towards comprehensive prevention will bring about transformative changes, influencing behaviors, attitudes, and overall healthcare practices. The evolving healthcare landscape brings about improvements in prevention, emphasizing collaboration between medical professionals and informed, health-conscious patients. As technology advances and awareness grows, we see a healthier future ahead.*

José Miguel Fonken

General Director
ASOFARMA Mexico – Member of the Adium Pharma Group



EF: Mexico faces regulatory and political challenges, although also with the advantages of nearshoring and a strong macroeconomy. How do you view 2023 as a challenge or an opportunity?

JMF: Definitely, as an opportunity, this has been an idyllic year for us at Asofarma. We work mainly with the private sector, and as of August 2023, we occupy the first position in the IQVIA ranking of the Mexican ethical market. During the last decade, we have grown dramatically, going from nineteenth position to first and growing much faster than originally planned since we planned to reach first place in 2025, and we achieved it two years earlier. 2023 has been a fantastic year for Asofarma, and although we face great challenges, we have high expectations of achieving pending and delayed registrations. Today, we promote thirty-three brands, and in the next three years, we plan to launch forty more in order to consolidate our position in the Mexican market.

Previously, until November 2021, I was the General Director of Tecnofarma in Peru - the name of our company there, which is also part of the Adium group and where I had the opportunity to successfully launch cardiology, diabetes, and obesity products, which helped cement my career within the company and be appointed to Mexico. After a transition period, in April 2022, I permanently took the position of General Director of Asofarma in Mexico.

EF: What attracted you to Mexico?

JMF: Mexico and Brazil are the strongest markets in Latin America, and although Brazil is on the same path of exponential growth, today, our market is superior. We can affirm that Mexico is the most important market for the Adium group in Latin America. In my case, I was fortunate to be successful in Peru at the right time, and I am delighted to be here in Mexico. I assumed this role with great commitment and responsibility because it means fighting for leadership in a very large market in the region.

EF: Why is the Mexican market strategic and important for the Adium Group?

JMF: Due to its volume and speed of growth, the Mexican market is very powerful: if we do well in Mexico, we contribute to the company doing well throughout the region. We are growing rapidly in Brazil, but even without occupying leadership positions, once achieved, Mexico and Brazil will be the great drivers of leadership in Latin America. Today, the Adium group occupies the seventh position in the region, and the development of Brazil is key to achieving that leadership in Latin America. Mexico and Brazil will be the main growth engines and future leaders of the region.

EF: Mexico is an important gateway for innovation in the region. What is Asofarma's role in this sense?

JMF: One of our main strengths is being considered the "partner of choice" of many global innovation companies that need our muscle to be able to bring their portfolios to Latin America in general and Mexico and Brazil in particular. As a result of different reasons, there are companies that have decided to disinvest in certain therapeutic areas and then transfer those portfolios to us, or in some cases, they do so because they do not have a presence in the region. And that's where we come in: we are very proud to be partners with important companies like Moderna, whose innovation through messenger RNA (mRNA) technology was responsible for saving billions of lives globally through its vaccines just two years ago. Years and in the midst of the pandemic. We are also strategic partners of other companies such as Astellas, Janssen BMS, Lilly, Takeda, Pharmamax, Seagen, Biogen, and many other companies that trust in our deep knowledge of the market, our experienced teams, and our ability to draw up regulatory strategies. They identify collaborating with us as a critical route to reach the market in the shortest time possible and within a 100% robust Compliance framework.

EF: What are the advantages of having local production? Does Mexico take advantage of exporting its production, or is it for domestic use?

JMF: The Adium group has five plants in Latin America: Argentina, Brazil, Paraguay, Uruguay, and Mexico. We have cutting-edge technology to produce safe and effective products. Our logistics center in Montevideo can supply any country in the region in three days. Locally, our plant in Mexico produces around ten million units, and 70% of the volume we sell is manufactured locally - with the help of important third parties. Additionally, from Mexico, we export to Peru, Bolivia, Colombia, Ecuador, Brazil, and Central America.

Likewise, our collaborators have demonstrated their commitment to the health of the population, especially in critical moments, such as the pandemic. During that period, we achieved a great differential advantage because we knew how to supply our products with a compliance rate of over 90%, which allowed us to fulfill the promise of delivering safe and effective, but also accessible, products, and this made us grow exponentially.

EF: Do you use digitalization and technological advances to benefit and improve the company's operations?

JMF: Today, technology is a necessity through which we can offer more and better services in an increasingly efficient way. Our investors have a great "appetite" for technology due to the great competitive advantages it provides. In recent years, new tools have been implemented, such as Veeva for the sales force, SAP Concur for expense reports, and SAP Success Factors for human resources management, among many more. These tools make us more efficient and improve our operations, so we will continue investing in incorporating more technology into our operations. On the other hand, artificial intelligence is increasingly present, and we dream of incorporating better systems for our people to have more and better quality information before, for example, visiting a doctor. The truth is that the pandemic undoubtedly triggered a series of processes and tools that were pending, and the next horizon within the health ecosystem is electronic prescription and medical records or electronic medical records. The universality of these tools will generate many benefits for the patient and will allow full traceability from the manufacturing of the product to its dispensation - a before and after in the history of the health ecosystem that will even mitigate the adulteration and falsification of products that is a scourge for Mexico. We are very close to taking the next step; there are already some protocols designed that will take us to the next frontier in terms of technological innovation.

EF: Medical education is a priority for Asofarma. Could you elaborate on Vertismed?

JMF: Vertismed is one of our many digital initiatives implemented in the pandemic through which we can bring scientific information to health professionals in favor of continuing medical education. In recent years, we have invested more than a thousand hours recording events, which we make available to the medical community through the Vertismed platform. This only reaffirms our commitment to continuing medical education. Furthermore, thanks to this platform, we have occupied many spaces that other companies have stopped occupying, and in part, this is also one of the reasons for our incredible growth.

EF: Do you have a final message to share with our readers?

JMF: Asofarma, part of the Adium group in Latin America, is a partner of choice for all companies interested in benefiting from our competitive advantages, knowledge, relationships, flexibility, and agility. I am confident that our robust pipeline and ability to expand the Latin American footprint will lead us to leadership in the coming years throughout the region.

Rocío Bermudez

CEO
Timser Group, México



EF: 2023 is a complicated year. Do you see 2023 as a challenge or as an opportunity?

RB: I always consider it an opportunity. *You learn from the challenges; the status quo is boring, and you do not learn anything. Growth comes out of difficulty. After COVID, pharmaceutical companies and the world, in general, realized that health is the way forward and the next opportunity; the question is how. We must gather the will of different actors, budgets, and ideas and join as a team to achieve results. We cannot have each person in their silo of influence. The fundamental component is trying to resolve an access mechanism in this country, meaning that a person who is sick, regardless of their economic conditions, has access to someone who can help them resolve it in a reasonable time and with quality. That is incredibly complicated. It is necessary to have a specialist, the right tools for a correct diagnosis, and follow-up care, which depends on the patient. That is what we all need to work towards.*

This is an opportunity because today, as we confront the collapse of the health system in our country, we are ending up in a situation of whims and a battle of wills, but the necessities remain the same and are apparent. *I see an opportunity in all of this because, between the destruction and the recomposition, private initiatives have an excellent opportunity to work together to create alternatives and support the health system. The average person does not know what is included in the essential list of medicines that should be available in the public sector, but they know that they or a family member is in pain. We need roundtable discussions to make this transition, and the government needs sufficient willingness.*

A concrete opportunity is seen in establishing health proposals that are quick and accessible so that we can work together across sectors for the distribution of healthcare in this country. There is a vast, well-connected chain of value, with insurance companies, banks, laboratories, and clinical analysis consolidating in relevant purchase groups. These pharmacies provide prescription and over-the-counter meds, but today also have connected doctors' offices, which was a brilliant move. We are missing the component of hospitals with models that are just as integrated. More investors and innovators are putting the offer in the market so the patient can enter it without spending all their money.

There is a third fundamental pillar. A general doctor without a specialty attends to more than 80% of the conditions affecting the Mexican population. This is the case because of the clinics that are attached to pharmacies. It is easier to pay 50 pesos for a consultation and have someone help you address an acute problem that will later become chronic. With that payment, these chains can afford to hire the doctors who charge the least: the residents and the general doctors, and they are the ones who today need the most accompaniment of good products so that later they can specialize themselves more. This represents a huge opportunity. *This country has more than 130 million inhabitants, which continues to be an incredible place to grow and construct innovative ideas. There is innovation, and there is desire.*

EF: What drew your attention to Timser Group, given your previous experience? What goals and objectives have you as a CEO planted for this first year?

RB: My goal is to break paradigms. The most important thing for me is having a good idea that can be added to the existing structure and contribute to society. What good is it if you do not have a good value offering entirely distinct from existing products? *The goal is to offer value. It is incredible to put something on the table that breaks the entire pattern of how other actors have been doing things.*

EF: What is the value proposition of the Timser group, and what gap are you trying to fill in Mexican healthcare?

RB: *Timser is an investigative laboratory specializing in women's health. There are other developments and investigative laboratories, but not those focused solely on women. It promotes technologies, ideas, and proposals to promote gender equity and*

close the inequality gap. One of our most exciting products is a screening tool for high and low-grade lesions that could be precursors to cancer. The difference here is that you do not have to undergo a pap smear, which surprises everyone.

Everyone thinks that the only thing that specifically affects women is breast cancer. *Our country's local and national health systems spend a considerable percentage of their budgets on campaigns for self-check strategies to detect breast cancer. They promote the idea that you should get a check-up mammogram if you are over 40 years old and have other risk factors. But no one has talked about cervical cancer. It is a delicate, private topic, and it only affects women. However, in epidemiology, this cancer is the primary cause of oncological death in women between 25 and 35 years old. Mammograms are recommended starting at 40 years old. Still, with this, we are reaching a broad sector of the population: younger women who are in a critical phase of their sexual development. Cervical cancer is the second most common type of cancer for women in Mexico and the fifth most common worldwide. So, it is a health problem here in Mexico and across the world, and the death rate is 45%. Many pathologies of the Human papillomavirus cause this type of cancer. The male is the carrier; he can infect the woman with the virus, which can become cancerous.*

How many women have a pap smear cervical check, and how often? Many women go more than 5-7 years between checkups with the gynecologist, and if you ask them, they think back to when their youngest child was born because that was the last time they saw their doctor. *That is the idea—women go to the gynecologist when they want to get pregnant, and if they do not want to get pregnant, they go when they want to put in an IUD. And then again, at an advanced age, when they are entering menopause, they go to get a checkup, or they have a chronic problem that they need to get checked. That is all. Because of that, there is a significant gap and opportunity to talk with women about biomarkers to open the conversation about cervical cancer. To have a cervical check, you must first visit a clinic with a specialist. There needs to be clinic space, materials, private space, and time. Sadly, it is an invasive procedure and insufficient to detect all pre-cancerous lesions. This service only reaches around 30% of women in Mexico. The precision can also vary up to 45%. There is clinical cytology, but it has been determined that this is also insufficient.*

On the other hand, in Timser, we have a message of being progressive, and we can get 100% screening coverage in the country. Blood tests are much more efficient and can be completed in 3 minutes. In an hour, you could screen 20 women. *There are so many barriers to applying a pap smear, but this technology is quick, and we can reach everyone. We have a patent for three proteins and won an innovation prize. The idea is that this can be carried out through a simple blood test that measures the proteins in the blood, and these can be processed through two different methodologies. One of these methodologies focuses more specifically on cancer, and the other focuses on proteins indicative of low or high-grade lesions that can be benign or malignant.*

With the government of Nuevo Leon, we advertised to thousand tests for free, and the women lined up. They did not have to go to the gynecologist. It is discrete, and it is not invasive. *They do not want to go to the gynecologist, but they do want to know if they have something that needs attention.*

EF: Is there anything else you want to share that we have not discussed?

RB: If you look at different leaders in the health sector, I hope that more actors will begin to collaborate, which will become contagious. *Some interesting people are not the most economically influential, but they have other things to contribute. There is much more conscience that there are different ways to compile visions that multiply to others. Technology and health intersect in all aspects of life. This kind of knowledge-sharing is an excellent opportunity for all of us.*



Corrado De Gennaro

CEO Mexico
Galderma



EF: Could you paint a picture of how the market has changed during your tenure as CEO in the region and how Galderma has evolved?

CD: The dermatological market in Mexico has continued to evolve year after year, and Galderma has been part of this story. We cater to a dermatological market still under-penetrated with opportunities to broaden access across the country, especially in small cities. It is important to highlight that the ratio of dermatologists vs. our population is very high: approx. *One dermatologist per every 50,000 people. Fortunately, the number of derm and aesthetic clinics is rapidly expanding. New companies are entering these fields, and the potential for growth is high.*

We have evolved to become a strong dermatological player, becoming the #1 independent dermatology company not only in Mexico but the world.

EF: What does 2023 have in store for Galderma, and what are you most excited about?

CD: We have had accelerated growth year by year. Our business tripled from 2015 to 2022, and we grew by 30% last year. It is lightning-fast growth for the pharma industry. We aim to grow and achieve at a higher level this year. Out of our three business units, aesthetics and dermo-cosmetic are the fastest-growing. Mexico is an attractive region for many multinationals.

This unprecedented growth would not be possible without a transformation. Over the last three years, our sales have doubled in size. We've increased the number of sales representatives, expanded coverage and reach, and are eager to witness our growth. Our three business units have experienced sustained profitable growth. Prescription medicine, within our DNA and heritage, had continued to grow above the market year after year as well as our fast-growing dermo-cosmetic business unit led by Cetaphil as well as our stellar aesthetic business with our leading brands Dyrport, Restylane, and Sculptra.

In prescription medicines, we became the market leader in dermatology six years ago, and since then, we have not only defended but strengthened our market position. Our strong heritage in dermatology and our integrated dermatology approach set us apart from the rest of the other players in the aesthetics and derma-cosmetic space.

EF: How do you broaden access in Mexico? Do you work with communities or physicians?

CD: Despite our skin being the largest organ, in most LATAM countries, dermatology is not reimbursed by governments' health care plans; thus, needs often go untreated as it is considered a luxury. Yet, people do not properly take care of their skin, and part of this comes down to education. Educating consumers on treating and caring for their skin is essential. Skin awareness and education are growing at a rapid pace due to the efforts of the industry.

As a result, we work closely with the different Mexican dermatologic associations offering continuous medical education and support through AMD (Academia Mexicana de Dermatología), FMD (Fundación Mexicana para la Dermatología), SMD (Sociedad Mexicana de Dermatología) and CILAD (Colegio Ibero-Latinoamericano de Dermatología). As part of CILAD's yearly social responsibility program, PRAMED, each year, they take dermatologic services to remote areas with low access to support those in need. *Galderma is supportive of this initiative to help bring dermatology to people who need it the most.*

EF: How do you anticipate the impact of technology like the FACE App by Galderma in Mexico, and what else can we expect from these innovative technologies from Galderma in the future?

CD: Our team in Mexico participated in the pilot for the development of this tool alongside Galderma teams, aesthetic doctors, healthcare professionals, dermatologists, and plastic surgeons to produce this cutting-edge augmented reality tool powered by artificial intelligence. It was exhilarating to see doctors' reactions to the device at work. Several of the barriers we have in the aesthetic business are the fears and the penetration rate among consumers. *With the FACE App, we can*

simulate a realistic look before treatments. It is a very innovative tool, and we plan to roll it out in Mexico this year. We are in the process of fine-tuning all the legal and regulatory requirements for the launch. The future has arrived.

EF: How do you assess Mexico's readiness to adopt the FACE App and the latest technologies? Do you think Mexico is ready?

CD: The adoption rate and rollout of the latest technologies in Mexico by HCPs are very high. Today, most clinics own the latest and cutting-edge technologies. FACE App by Galderma will be a great, friendly, and intuitive tool to support HCPs and users for aesthetic treatments.

EF: Do you think Mexico has the potential to become an innovation hub for Latin America?

CD: Mexico remains a key emerging market with high potential to support and lead innovation programs across companies. Galderma is ready to support this trend. Year after year, Mexico's dermatologists, aesthetic doctors, and plastic surgeons adopt innovations quickly.

For example, at this year's global congress IMCAS held in Paris in January, out of the 14,000+ HCPs present, Mexico was amongst the top countries participating in the event. Mexican HCPs and the industry invest in keeping them up-to-date with the latest technologies for aesthetic, derma, and plastic surgery procedures. HCPs in Mexico adopt and invest in technologies without much hesitation. The proximity to the US and the increase of medical tourism have also contributed to this fact. The high growth of clinics around border cities is due to the innovation and quality of service provided.

EF: How do you anticipate the industry's shift toward precision and personalized medicine across your three business units? How is Galderma creating more personalized future treatments?

CD: Personalized treatments are the name of the game. Our purpose is to advance dermatology for every skin story because we understand that each individual has a different need. Every skin type has its specific needs. Using our knowledge, brands, and techniques, we train HCPs to satisfy personalized needs in our three business units. We can easily initiate a discussion with dermatologists given our background of over 40+ years rooted in dermatology. Our vast and complete portfolio allows HCPs to create personalized treatment plans for patients and consumers.

For example, Galderma recently launched a revolutionary retinoid for better skin quality in Mexico, the latest retinoid in the market after 20 years, and the first country in LATAM to launch it. AKLIEF is the only formula in the world that delivers the most precise retinoid compound in an elegant vehicle for young adult females with acne. It was launched in October of last year, and the results have been phenomenal, exceeding our expectations. Dermatologists have adopted AKLIEF rapidly because of its innovation.

Also, with CETAPHIL, Galderma has become the most prescribed dermo-cosmetic brand by dermatologists in Mexico for sensitive skin, and in Aesthetics, we provide personalized solutions through HIT (Holistic Individualized Treatments).

EF: Do you have any final message you would like to give our readers, or anything we did not chat on that is important?

CD: This is an exciting time for Galderma. There is much attention on Galderma with the innovations and future pipeline. We are a premium, fast-growing company that is growing above the market. Galderma is the place to be at. We are an agile, dynamic, fast-paced organization teaming with opportunities. We are in a growth mode, where we action all the opportunities available. Given the increased number of new positions and new hires in the company, the challenge is getting our new colleagues to hit the ground running, learn our policies and brands, and meet everyone. *Everyone has a role to play, and we strive to keep everyone engaged. We see the value in everyone that works for us, which is why they align with the company's values and mission. At the last convention, we brought everyone from the company.*

Miguel Ángel Maceda Márquez

Director General
UQUIFA, Mexico



EF: How do you see 2023 as a challenge or an opportunity?

MM: From my perspective and in line with our company's strategic approach, this year presents a significant opportunity for us. By looking at the data, it is clear that there are only a few North American API companies. Therefore, we have a clear advantage as there are many companies actively seeking to bring API sourcing from Asia back to North America.

We have the potential to capitalize on this due to our available capacity and the presence of highly skilled individuals capable of developing small molecule APIs. Our team comprises accomplished scientists, including chemistry PhDs, who possess the expertise to create APIs from scratch. We not only offer manufacturing capabilities but also possess the flexibility to meet our customer's specific requirements, whether it involves contract manufacturing or developing a product from scratch.

However, we must acknowledge that this year also presents challenges. Like our customers, we rely on importing 60% of our raw materials from Asia, and the disruptions in the global supply chain during the pandemic have created ongoing issues. Furthermore, prices for raw materials have remained persistently high as suppliers took advantage of the supply chain disruptions to increase prices. These costs have yet to return to pre-pandemic levels.

Additionally, we embrace the challenge of meeting the increasingly stringent demands of our customers. Our multi-relationship contracts with various major pharmaceutical companies provide us with valuable insights. Still, they also require us to continuously raise the bar regarding quality, compliance, and environmental health and safety (EHS) standards. EHS considerations encompass the impact on the environment and the well-being of our operators and colleagues. Ensuring economic sustainability and maintaining safety standards presents an ongoing challenge. Nevertheless, we have devised a plan and are executing our strategy to address these challenges effectively.

EF: During the turbulent and challenging times since you started working at UQUIFA, especially considering the period leading up to and during the pandemic, what are the most significant lessons you have learned from your experience with the company?

MM: Firstly, I want to highlight the dedication of our Mexican team. Despite the challenging circumstances, we never ceased our operations as an API sourcing company. In Mexico, the government recognized the importance of the pharmaceutical industry, including API manufacturing, and allowed us to continue our work. However, ensuring the safety and well-being of our employees was challenging. Many of them relied on public transportation, and we took several measures to minimize the risks associated with their daily commute. Internally, we implemented new safety procedures, and we even had a company doctor who constantly adapted to the evolving challenges posed by the pandemic. Throughout this period, our team provided exceptional support.

One of the key lessons I learned was the importance of placing our team and personnel at the center of our decision-making process. By prioritizing their well-being, we were able to organize and adapt our strategies effectively.

The second significant challenge we faced was related to the supply chain, as various vendors around the world experienced delays. Understanding the concerns of our customers, especially the larger ones, who increased their safety stock and inventory levels to prevent disruptions in their final product supply, was crucial. Meeting the volume requirements of our customers while also catering to the needs of smaller customers without stock proved to be a balancing act. Our goal was to provide excellent service to all our customers, regardless of their size, as each one holds equal importance to us.

Lastly, I must mention the impact on our financial results. The erosion of cash flow due to increased expenses and the reluctance of some customers to accept price increases became apparent. Managing cash flow became a significant learning curve and a challenge for us. Despite the difficulties, I believe we have emerged

from this challenging period with knowledge and insights. The lessons we learned during the pandemic have positioned us to reap the benefits and continue our growth.

EF: To what extent are you using this to export to other countries in the region? What makes Mexico the ideal place for an API manufacturing hub?

MM: First and foremost, I want to highlight the advantages associated with our location. Mexico's proximity to the US border allows for seamless transportation within a 24-hour trucking distance, providing us with a significant edge. Additionally, we have access to ports that facilitate trade with the Asian continent, as well as a port in Veracruz for shipments to Europe and Africa.

Secondly, the talent pool available in Mexico is excellent. The local universities, particularly the public ones, have fostered a strong connection with the industry. These institutions have produced exceptional graduates, particularly in the field of chemistry. It is worth noting that approximately 80% of my colleagues have studied at these esteemed local universities. This availability of talent allows us to contribute back to society while ensuring that our employees are duly compensated. This aspect holds great significance for our company.

Moreover, when considering our customer base, Mexico's population of over 120 million individuals offers immense potential. While not all pharmaceutical companies in Mexico engage in manufacturing, their commitment to importing pharmaceutical products reflects the industry's dedication to caring for the population.

Furthermore, Mexico possesses a distinct advantage in terms of environmental stewardship, quality compliance, and meeting EHS (Environmental, Health, and Safety) requirements. As a testament to this, 93% of our total volume is exported to over fifty countries worldwide, including recent expansions to South Africa, Bangladesh, Europe, and various regions of the Americas. The trust our customers place in us, coupled with long-term contracts, has solidified Mexico's position as a prime destination for local manufacturing. It is worth noting that our expertise spans not only manufacturing but also API development and innovation, bolstered by our 50 years of experience in the field.

EF: How do you attract and retain the very best talent that is offered in Mexico?

MM: Primarily, we have a robust internal referral program that allows our colleagues to recommend individuals for open positions. This program encourages suggestions and CV submissions from anyone who might be suitable for the role. We value these internal recommendations as they have proven to be instrumental in our recruitment process.

Once the selection process is complete, our focus shifts to retention and onboarding. Our onboarding program is meticulously designed to ensure new hires understand our business operations. It spans a period of two to three weeks, during which they familiarize themselves with different departments, operations, and how we collaborate. This comprehensive onboarding approach is crucial in aligning everyone's understanding of our objectives and goals.

Moreover, we regularly create various recognition programs to acknowledge our employees' achievements. Recently, we held an annual recognition event where we prominently displayed the names of recognized teams and individuals on the walls of our main entrance. This serves as a constant reminder of their accomplishments throughout the year, boosting their morale and overall job satisfaction. It is inspiring to witness the joy and motivation that this recognition instills in our workforce, with others aspiring to see their own names on the building's walls in the future.

EF: Do you have a final message to share?

MM: We are committed to delivering comprehensive services to our customers, encompassing support and expertise throughout the entire process, starting from proof of concept to commercial manufacturing. Our aim is to continue offering this holistic approach to meet the needs of our valued customers.

Dr. Morgan Guerra Gea Morett

CEO

Previta



EF: From your perspective, do you see 2023 as a challenge or an opportunity?

MM: Despite political challenges, Mexico is entering a period of great economic promise. The phenomenon of nearshoring has brought new companies to various regions of Mexico, including the north, southeast, and southwest. This attractive nearshoring trend emerged due to tensions between China and the US and the geopolitical conflict. The pandemic underscored our heavy reliance on China and the US, posing a national security concern. We have come to understand the intricacies of our economy, intertwined with Canada, the United States, and Mexico through NAFTA. We have witnessed substantial growth flowing from the US into Mexico. While some may not envision Mexico as one of the world's largest economies, NAFTA played a crucial role in this transformation. An even greater opportunity emerges in the face of the pandemic and the rising tide of nearshoring. The well-known Tesla car factory exemplifies this trend but is not the sole player. Hyundai, Kia, and numerous other companies are investing in Mexico, fostering a dynamic, reciprocal economic landscape.

Contrary to popular belief, immigration is not solely a south-to-north phenomenon. In Mexico City, we are witnessing a fascinating trend of gentrification in areas like Roma and La Condesa, attracting a growing number of American individuals who have discovered the allure of living here. Despite Mexico's reputation for violence, it is a developing country with excellent infrastructure, healthcare options (including private facilities), and a more affordable cost of living. With the rise of remote work and emerging business models, we can envision a tremendous opportunity for integration within the North American region.

EF: What opportunity did you see for such a service in the market in 2004?

MM: Despite initial skepticism from patients and doctors regarding its mainstream viability, the pandemic presented a remarkable opportunity for telemedicine. However, the necessity to adopt telemedicine as a healthcare delivery method proved transformative, opening up vast possibilities. Notably, industry giants like Teladoc and Amwell experienced exponential growth in 2020 and 2021, while in Mexico, we experienced significant growth and progress in telemedicine. It became evident that telemedicine transcends mere video conference consultations, evolving into a hybrid solution, combining physical infrastructure with telemedicine to streamline patient experiences, making healthcare more accessible and efficient.

As the pandemic recedes in 2023, people gradually return to hospitals, seeking in-person medical care. However, we have realized that the optimal approach lies in integrating telemedicine as a valuable tool rather than relying solely on it. Many newcomers in the past three years, fueled by the capital influx, now need help acquiring clients due to their narrow focus on singular aspects of healthcare. Comprehensive integration is crucial to succeed, involving insurance companies, public and private payers, and various healthcare providers such as laboratories, pharmacies, and hospitals. Achieving such integration poses significant complexity. Moreover, amidst the current landscape, it is essential to cautiously approach claims of AI or ChatGPT solutions, as these technologies require careful evaluation.

EF: From an economic perspective, what are the benefits of shifting to a more preventative healthcare approach, and how are you driving this change?

MM: The inherent flaw in the current healthcare model is its failure to prioritize prevention over treatment. Misconceptions regarding insurance coverage for prevention persist, as private insurance in Mexico typically focuses on high-cost healthcare issues rather than preventive measures. While certain institutions have recognized the importance of prevention in their business models, this integration has yet to progress over the past two decades. The primary challenge lies in the lack of financial incentives for preventive measures, inhibiting insurers from incorporating comprehensive prevention strategies and partnering with specialized healthcare providers like Previta. Moreover, there is a prevalent misconception that prevention is easily achieved through routine checkups, diet, exercise, and vaccinations. However, true prevention goes beyond reactive actions in primary care

settings. It necessitates the convergence of the entire healthcare system, creating an environment that actively promotes and incentivizes preventive measures for patients, employees, and the broader population.

EF: How do you assess the distribution of doctors and healthcare services in Mexico, and how can technology like Previta solve this issue?

MM: The widespread availability of affordable internet through initiatives like Elon Musk's Starlink is a significant advancement. However, the key challenge lies in developing a skilled workforce globally and in Mexico. By training lay workers, we can empower individuals who may not be healthcare professionals but possess the necessary skills to utilize devices for transmitting ECGs or conducting lab tests, enabling doctors to provide care directly to patients in their homes. While Mexico City may appear to have comprehensive healthcare options, the democratization of healthcare remains a pressing concern. Despite official statistics indicating that 40-41% of healthcare costs are paid out of pocket, the reality is likely closer to 65-70%. Public institutions often fail to deliver accessible, prompt, and affordable care, leading individuals to seek retail clinic solutions. Although these clinics in pharmacies and retail chains like Walmart provide primary care, patients are less inclined to trust them with more complex healthcare needs such as diabetes or hypertension management. The private sector must address this challenge by expanding and integrating comprehensive services into these accessible outlets. In a city with a population of approximately 24-26 million, it is crucial to develop models like Salud Digna. Collaborations with entities like Salud Digna allow us to offer affordable care to our patients, coupled with telemedicine-based follow-up programs for chronic diseases. Expanding these offerings to encompass more complex services is imperative to improve the population's health.

EF: Do you have plans to expand beyond Mexico? Could you take Previta to a global or Latin American scale?

MM: Previta, derived from "Prevention and Life," has undergone a transformative journey in the past three years, embracing a novel approach known as "hospital at home." This model addresses a global need, as the shift towards chronic diseases necessitates secure, high-quality healthcare services provided directly in the patient's home. By establishing a network of hospitals and healthcare professionals worldwide, we eliminate the need for patients to travel to various hospitals in Mexico City or beyond. Our mission is to ensure patient comfort and convenience. Additionally, I am pursuing a second master's degree in healthcare delivery science at Dartmouth. This program emphasizes the importance of rigorous testing and measuring the effectiveness of healthcare interventions to benefit the population.

For the past 19 years, Previta has faced the challenge of demonstrating a return on investment for prevention, early checkups, and disease management. However, the COVID-19 pandemic provided a compelling showcase of our solution's efficacy: it addressed the shortage of hospital beds and proved a cost-effective and superior alternative for patients. Expanding beyond Mexico with the right team, resources, and investments is a challenge we are actively considering.

EF: Do you have any final message for us?

MM: As a society, we must pay attention to people's choices with healthcare spending. Individuals are increasingly seeking healthcare options that best serve their needs, and we should listen to their preferences regarding where and from whom they receive care. While the Mexican healthcare system is primarily public-oriented, we must incorporate new models that align with these evolving patient desires. The government plays a vital role in enforcing laws, while patients desire a hybrid model. They may prefer utilizing their social security benefits at a specific hospital and covering the remaining costs. During the pandemic, we witnessed the government's ability to engage private hospitals, strengthening the healthcare system. Therefore, it is essential to consider this message and strive towards a unified system that prioritizes the population's best interests, transcending the traditional boundaries of the public and private sectors.

Thank you.



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