Interview with Albert Maudens, General Manager, Biocodex

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Although Biocodex has a commercial presence in over 100 countries, it currently operates only five subsidiaries, one of them being Biocodex Belgium. What were primary motivating factors behind this strategic decision and what is the importance of Belgium to the company’s global operations and overall performance?

The Belgian subsidiary was in fact the first to be set up among the five initially as Biodiphar and was Biocodex’s sole branch for about 50 years. Naturally, the cultural and linguistic commonalities as well as the geographic proximity were among the motivations for setting up the Belgian affiliate. Also, Biocodex has a very strong portfolio of products which were experiencing strong growth in markets outside of France such as Ultra-Levure. However, the family run business was relatively conservative until approximately 10 years ago when the younger generation of the family came into play including Jean-Marie Lefèvre, President and Nicolas Coudurier – Vice President and Director of Export. Under their leadership, Biocodex began expanding base of subsidiaries beyond Belgium to include the US, Turkey, Russia and Morocco.

Overall, despite our relatively higher expenses due to expensive public drug prices and lack of reimbursements, Belgium is a strong contributor to the company’s performance, generating approximately 5% of its worldwide revenues.

Belgium is a unique country with a unique and fragmented governmetal structure. What effect does this have on conduct business in Belgium and how has this affected Biocodex Belgium?

In a country of about 11 million inhabitants, Belgium has more ministers than Germany or France do. This highly fragmented structure makes it difficult to speak of opportunities as it inflates our business expenses, among other. Every important decision that needs to be made, requires that all the various governments and authorities to come together to discuss the matter at hand which makes for a very time consuming and counter-productive process. For instance, drug costs and hospital expenses are decided on a federal level while costs related to elderly care centers are decided at a regional level. All this makes new developments in Belgium lengthy and difficult.

Nonetheless, we were able to grow our revenues from €2 to €10 million over the last decade and we continue to see strong results. Of course, all of this would not have been possible without the support and understanding of the headquarters in France. Instead of insisting on following the same strategies they apply in their market, they respected Belgian business practices and allowed us the flexibility to address the local challenges in the way we best saw fit.

Given that in this industry an individual’s skill and knowledge is paramount, how do you ensure that Biocodex employs and retains the best and brightest?

Firstly, I believe that the company’s spirit plays an important role here. Unlike some of the bigger names in the industry, Biocodex is a family owned business and this is reflected in its organizational culture. People working at Biocodex can therefore feel like they are part of the Biocodex family, so to speak, and this is key to their job satisfaction.

Over the years, Belgium has earned itself as a reputable and leading position within the field of R&D and clinical trials. To what extent is Biocodex leveraging these advantages?

The most important research center of Biocodex Belgium was at the Université Catholique de Louvain in Louvain-La-Neuve, where Prof. Jean-Paul Buts carried out most of the basic research on our products. In fact, you could say that Prof. Buts was a catalyst for us, having made so many discoveries and research on our behalf. In addition to this, we held many clinical trials in other areas in Belgium including University of Gent as well as University of Brussels. These studies were primarily focused on the gastroenterology as well as ear pains.

How would you rate the clinical trials environment in Belgium and do you envision clinical research here?

I believe that university researchers here are very keen to taking up these challenges in order to broaden their opportunities. Researchers here are quite cautious and responsible when it comes to carrying out their research. On the other hand, Belgium also has a large pool of patients that it can tap into, although this can sometime be difficult due to the high activity and competitiveness of clinical trials sector here. The peculiarities of the Belgian linguistic system also have a role to play here. I believe the fact that so many Belgians are multi-lingual speaking French, Flemish, English and sometimes German goes a long way towards facilitating communication when attending international seminars and meetings on the matter.

In our meeting with Mrs De Jonge of the consumer healthcare products association, she noted that a major growth driver for the market lies in the conversion of prescription drugs to none prescription status. What is your position on this?

I believe that over-the-counter drugs (OTC's) are very important to the Belgian market. That is, Belgium has a historical negative on OTC reimbursements where not so many drugs are refunded as is the case in France, for instance. Ultimately, I believe this makes it easier for prescription drugs to be switched to the OTC category. Indeed, we are observing a growing trend towards a greater number of OTC switches not only in Belgium but also in many other countries as well.

Another important point is the fact that in the Belgian pharmaceutical market, the supply of consumer healthcare products is limited to pharmacies. This helps to ensure that customers seeking OTC products always have access to proper advice. Also, since Belgium boasts one of the densest numbers of pharmacies per capita, this will not create an availability issue.

Although Biocodex has its own teams of researchers, it also relies on universities and research organizations, establishing agreements with the most competent teams in their fields, both in France and abroad such as last year's (March 2011) partnership agreement with Lehning for the Russian federation. To what extent is the appetite for partnerships applicable here in Belgium?

One of the most important partnerships for us is with Prof. van der Plas from the University of Brussels. Having carried out some clinical trials for us some years ago, while still coordinating others in various countries as well as having studied our products extensively, Prof. van der Plas has been an ideal partner for us – publishing and communicating about our products across the world. Unfortunately however, due to strict controls and disclosure requirements, official partnerships have been difficult to form. Despite this, however, the advantages that such partnerships bring about certainly outweigh the challenges and we are beginning to see more alliances being formed.

Biocodex France offers a relatively wider range of products when compared to the Belgium affiliate. What explains this and what are the probabilities of introducing more products to Belgium?

Indeed, our headquarters do have many strong performing products readily available to them. However, this is unfortunately not the case in Belgium. This is because these products are matured and would require renewed and expensive clinical trials in order to be introduces here. For instance, the neurology and psychiatry drug, Stresam, is available in France, Africa and Asia but not in Belgium. The registration process for new drugs in Belgium has become extremely difficult, deterring new product introductions at the expense of the patient's well-being as well as the business environments development.

On the other hand, Biocodex continues to be quite active in terms of product acquisitions whenever it spots a good opportunity. For instance, Biocodex has very recently acquired the non-ophthalmic branches of activity of Laboratoire Leurquin Mediolanum which included: Eptavit, Muxol, Vagostabyl, Dimetane as well as other general medical practice specialties. Often, it is the case that when Biocodex acquires a new product, they initiate a number of clinical studies across a number of countries. I am optimistic that, once enough data has been compiled in support of these new drugs, we will also be able to introduce them to the Belgian market as well.

Today, Biocodex is increasingly becoming one of the bigger names in the pharma stage, and especially in Europe. Looking ahead, how would you summarize Biocodex's growth strategies and the prospects of the Belgian pharmaceutical market?

On an international level, Biocodex is increasing its investments in new and emerging markets. For example, we are currently in India, China as well as South Korea which is very important for us. We also intend to penetrate the Japanese market despite the difficulty usually associated with entering it. Also, rather than outsourcing our activities, we have opted to regain control over all aspects of our operations including manufacturing. For instance, we recently made the decision to relocate our South American production unit, operated by Merck, from Brazil back to France. Similarly, we have also invested in a new production facility in Morocco – the first investment of its type for the company.

As far as developing our business in Belgium goes, we are currently undergoing some organizational changes in order to adapt to the increased competition stemming from parallel trade. Although this has had a noticeable effect on our business operations, while at the same time not passing on any savings to the ultimate patient, the issue certainly is manageable and we are responding to it accordingly. To this end, we are also in the process of finalizing the transition to a

new distribution partner that can help us make the necessary adaptations.

Personally, I believe that Biocodex must continue to invest in emerging markets. At the same time however, I think that the company should also reinvest in their mature and proven products on the condition that their contents are free of food supplements. This is because all dietary supplements will soon face difficulties as they head towards an inevitable introduction of quality controls and so on, effecting on those supplements using our famous probiotic, Saccharomyces Boulardii. Indeed, we intend to reclaim many such products in order to avoid these issues since we have already carried out all of the clinical studies on our products and have ensured their superior quality. Therefore I think that now is the time to reinvest in Europe through clinical trials to illustrate in which medications we can integrate our products in the future.

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