

Interview: José Luis Martín Guinea, CEO, Aplicaps, Spain



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Tags: [R&D](#), [cosmetics](#), [nutraceuticals](#), [Aplicaps](#)

Aplicaps was founded in 2008 with solely Spanish investments, when Spain was already suffering from a recession due to the real estate bubble. The company's CEO, José Luis Martín Guinea, discusses the origins of the company in Portugal and the competitive services that Aplicaps offers to the Spanish pharmaceutical market.

How did the crisis affect the development of your activities?

Aplicaps was indeed born during the crisis. In 2014 there is a general movement backwards within the industry, although we tend not to think about it too much. During Aplicaps' early days, we identified several opportunities in the manufacturing market of pharmaceutical products for certain companies, and we also defined the core company's values and business philosophy. We did not want to be producers exclusively; we also wanted to play a central role in the industry. In order to do this we identified and developed new products for our potential clients who offered us greater sales forecasts.

We started with a small structure; therefore the risks we took were quite low. We tested our idea in the smaller market of Portugal, which indicated a strong possibility of making our model work. This process lasted almost a year before we had solid positive results, thus enabling us to settle in Spain. At this point there were just three employees in Aplicaps, all of whom believed that the Spanish market needed our products, solutions and new ideas despite the crisis. While the first

year was tough, we started to receive requests and propositions that kept our attention from the second year onwards. We became well-known in the nutraceutical sector and soon other companies contacted us to help them with manufacturing issues. This was a very important time for Aplicaps because we were selling volumes that we would have never imagined, and this included foreign companies.. Thus Aplicaps started its work with these already important companies who teamed up with us to manufacture our products and the result has been a total success. Eventually we obtained enough capital to invest in the building of a plant. In that sense the crisis was not a major issue, but rather set the rules of the game, which we followed.

Aplicaps is a young company that focuses on R&D and the manufacturing soft gelatin capsules for the pharmaceutical, nutraceutical and cosmetics sectors. Could you outline your activities and your objectives for the short term?

We did not want to be simply a manufacturing company for third parties, which would have run great risk in terms of price lowering. Third party manufacturers are always under a lot of pressure in terms of prices. We wanted Aplicaps to be a company with the knowledge that gives us stability as well as a certain prestige in front of our clients. As producers we must also have a good portfolio of products we can develop, register in Spain and later license to third companies. Our goal is to manufacture soft gelatin capsules that can be differentiated in both technical and marketing aspects.

Do you plan to diversify into other ranges of pharmaceutical products? What are your competitive advantages?

We take a combination of measures in order to differentiate our activities. We are investing in R&D, we maintain an extended portfolio of products and we develop adapted technological solutions for our clients. We are also starting to patent a specific process that is totally new in Spain for the fabrication of gelatin resistant capsules. We have already created some products with this process and we want to keep on moving forward to incorporate this process into our plant soon.

We have a great demand for biological products from France, and we are now closing some deals with ecological suppliers for which we will offer to the market soon.

The decision to specialize in soft gelatin capsules came to us quite naturally as we'd had many years of experience in previous companies, as well as some contacts that needed our help with technical issues. Many companies in Spain are essentially commercial and their problems are mainly located in R&D and the manufacturing of their products. Once we reach our customers' trust it is very likely that they come to us for other projects. 30 percent of our sales are met in

other product ranges, and some of our best clients ask us to solve other issues for which we have the capacity to undertake. We then sign deals with other companies specialized in the area of expertise required and they eventually collaborate under our responsibility and supervision to realize the product ordered.

Regarding the future, the world of soft gelatin capsules is immense. We are talking about billions of units of production. We are trying to get more visibility on a global scale in a very big market in which it is still possible to foster R&D, innovation and in which products are well accepted. Our capsules have competitive advantages over other forms of pharmaceutical products at both marketing and manufacturing levels. In any case, we still have a lot to do. Aplicaps is now closing its business plan for the next three years, by which time we should have doubled our sales and have an important international presence. We have finished analyzing and planning, and we have the plant capacity to do it and the company is currently in the marketing phase.

Aplicaps offers to externalize the R&D and manufacturing of products of its partners. In the long term, do you plan to create your own brand?

We have one rule: we do not compete with our own customers and therefore this is not on our horizon. We will not develop our own brand in any of the sectors in which we are currently working (pharmaceutical, nutraceutical and cosmetics). If we do develop any of our own ideas, we forward them to third party companies. On a personal level, I do not enjoy competing with my clients. In my opinion, the companies that do it lack ethics. For instance, we might manufacture a vitamin for six companies, but I cannot sell it as mine at the same time I address the product to my customers. It does not seem logical to me; I would compete in better conditions than my own clients whereas I want them to grow and evolve while I provide them all the support they need to feel confident.

Your company covers all processes from R&D and manufacturing to technical support in terms of commercialization, regulatory compliance and marketing for your clients. What importance do these activities have and what evolution can we expect in this regard?

We offer consulting services because our clients ask for it. Aplicaps produces capsules, and of course we know their specs in terms of formula and their positive effects better than anyone. We have our own sales team, who teaches clients how to present and sell the product. Above all, they know about every minute technical detail that exists. We help companies obtain more information about our products although we do not charge them for it. In that sense it is a constant learning process. We receive feedbacks from consumers and this is very beneficial for us as we learn more

about what interests people. However, this is not an activity we engage in every day.

Recently your company started collaborating with the Center for the Technological and Industrial Development (CDTI). Could you explain the origins of this alliance and how it has helped develop your current activities?

We have not experienced any financing issues but there is no doubt that we must continue to fund ourselves. Nowadays we have two projects in this area. The first one consists in developing two pharmaceutical products based on our capsules. We are on our way to launch pilot tests in order to check the stability of our product. We presented the project to CDTI and it was selected and approved with a total funding of approximately €700K. The next project we share with CDTI aims at optimizing the process of manufacturing soft gelatin capsules. On a technological level, we found a way to upgrade this process and CDTI liked it, offering us another round of funding of €600K. The objective is to present a new project with CDTI each year. We have the teams and above all the mentality and the determination to do it.

There is no secret further than having friends. We started commercializing our products in Portugal to find out if the idea was feasible or not and there we had contacts and that could help us out. We have very good relations with companies in Chile, Brazil, Mexico, France and Italy. We export to Czech Republic, Poland, Slovakia and Rumania. We want to enter the northern African market and the Middle East. We also work with Latin America; as an example we have received good demand from Venezuela. In fact, we are a company with open doors. The Spanish market is big but everyone is playing in it, both local and multinational companies. Our strategy is to expand, analyze individuals countries first, including their culture, their opportunities, the types of products feasible there, companies, how the market moves and later to reach the necessary supports. From there we can prepare ourselves and start working on individual projects. Aplicaps could not do this by itself. We always need to find support in the countries where we want to expand.

What does the pharmaceutical industry need to know about Aplicaps?

We are totally open for business. Our company is young, only six years old, with a staff of 75 people. This number should continue to grow since we are currently upgrading our R&D and manufacturing capacity. We also like collaborating with universities, and we look for talent wherever we can find it.

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