Interview: Philippe Truelle – CEO, CDM Lavoisier, France



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Mr Truelle, the CEO of CDM Lavoisier,

a company specialized in the pharmaceutical manufacturing of injectable solutions, reveals that one third of the French population could receive one of the company's products each year, talks about their extremely promising partnership with the Danish company Coloplast, and why partners from beyond France should look at SMEs when it comes to potential partners for distribution, manufacturing and development opportunities.

You have been the CEO of CDM Lavoisier since 2007, a company that is today positioned as leader in the manufacturing of injectable drugs. What have been the key developments and achievements for the business over recent years?

Ten years ago we realized that in our field of activity, it could be interesting to also explore the medical devices market. We received our ISO1345 certification in 2007. This was the beginning of a new era for CDM Lavoisier. At that time medical devices represented just one percent of our turnover; today this field represents almost 12 percent. CDM Lavoisier is specialized in the pharmaceutical manufacturing of injectable solutions, and its production capacity is regularly upgraded to the highest quality and safety standards requirements. Every year, CDM Lavoisier delivers over 25 million units of drugs, meaning that almost one-third of the French population could receive one of our products each year. Today of our ampoule manufacturing capacity, 25 percent is dedicated purely to medical devices.

We continue to develop our partnerships. In 2007 we only had two main customers in the field of medical devices. Today we have over 12, primarily in France but also abroad. We have been approached by companies in countries such as Germany and Switzerland and we are considering how we can best work with them. Contract manufacturing certification is performed at a European reference level, meaning we can produce in France and export to the rest of the continent.

Can you tell us more about any recent developments regarding your partnership strategy?

One year ago, we started an extremely promising partnership with the Danish company Coloplast, which develops, manufactures and markets medical devices. This partnership has allowed us to double our number of customers in the medical devices field. We have been extremely impressed by the core values of Coloplast. Partnering with big pharma, when you are an SME, can often be challenging, where their intention can be to buy you out eventually, or take the best of you, but not to provide you with what you deserve. This has not been the case with Coloplast. It is a partnership of equals, and one we hope to continue for a long time. Today we are regularly contacted by distributing companies from across the world. While most of the time these contacts come to nothing, out of ten contacts, you can have one good opportunity.

How do you select your partners?

The key for us is that we share the same values. This is what convinced us to work with a company like Coloplast. We are two companies that are quite different, Coloplast is a global company, whereas we employ 125 people and are primarily present on the French market. Exports account for only seven percent of our activity. But we both share the same values and have the same perspective with regards to growing people within our respective companies and of taking advantage of new business opportunities as they arise. We look for the same qualities when we partner with smaller companies, be it distributors or suppliers.

CDM Lavoisier manufactures all of its products in in France. When we met with Mr Lamoureux, President of LEEM (The French pharmaceutical companies' association) he was telling us how he is worried that France is losing its attractiveness as a country of production. What, in your eyes, are the remaining advantages of manufacturing in France?

We have an extensive history when it comes to manufacturing drugs, medical devices and biotechnological products. While we do see some manufacturing sites closing in France, there remain over 150 sites in the country, a significant number. All of these centers have different

capabilities, often working on very specific products, which are complicated to manufacture and could not easily be produced in another country.

I am convinced of the benefits in producing in our country. The French market is of considerable size, and if you want to be competitive, producing locally is a clear advantage. Today in France we are seeing an increasing role for CMOs, with experience of how to be competitive in the whole of Europe. If your only interest is in reducing your production costs, then it might be of interest to manufacture abroad. But French manufacturing remains very attractive as a strong and well respected brand. The “Made in France” certificate is extremely useful when it comes to exporting to some other markets. While there have been some scandals in health industry, it is critical for the French public to understand the importance of having a strong pharmaceutical industry, as something, which we can be proud of.

When we spoke with Mr Ginestet, President of Pfizer France, he was explaining to us how, for big pharma, it makes increasing sense to turn to contract manufacturing. As a French company with over 100 years of experience, how do you asses the opportunities in this area?

CDM Lavoisier has a long history when it comes to contract manufacturing. We have been manufacturing products for private and public pharmaceutical companies for the last 15 to 20 years. Initially, it was only a small part of a production capacity, around two percent. Our primary activity is in manufacturing our own products. We are a pharmaceutical company manufacturing products under our own brand and we do not want to become a fully-fledged CMO. Having said that, in certain circumstances we agree to partner with other companies. Today we have a partnerships with five pharmaceutical companies. We manufacture for the likes of LFB, Tradiphar, an SME, as well as for public institutions including the Pharmacie Centrale des Armées.

In our region of France, there is a group comprising all companies with manufacturing facilities from seven different areas from Dreux to Tours and Nevers called GREPIC. This group includes the likes of Pierre Fabre, Chiesi, Innothera, Delpharm and Servier etc. We share experiences amongst ourselves, given that most of the time we are all facing the same difficulties. We are the number one region in France when it comes to pharmaceutical manufacturing, and by helping each other out we can only be stronger.

You mentioned before how exports account for only seven percent of your activity; is this an area you would like to develop further?

The French market today faces increasing challenges. We need to grow outside of France if we are to survive. This explains our decision to enter the medical devices field. It is easier and faster to enter other European markets in this area than it is in the drugs field. The last major contract we signed was in the field of medical devices and involves business primarily conducted outside of France. The partnership we have with Coloplast involves business that is 90 percent outside of France. When it comes to our drugs business we are exporting primarily outside of Europe, in particular to North and Central Africa.

What importance do you attach to the fact that you are a fourth generation family-run company?

Our family history is very important. Today my two brothers and I own equal stakes in the business. My first memory of the company was with my grandfather when I was just five or six years old. The business has changed considerably since then: from 50 employees to 125, from one focused on local manufacturing, to one that is today a more global company, delivering products to Europe, Africa and Asia. Today, there are many companies from Asia that are interested in acquiring us, something that would provide them a good opportunity to enter the French market. But we are not intending to sell the company. A big challenge today is to have the strength to remain autonomous. We are an SME in a very competitive environment with many larger companies.

CDM Lavoisier has been around for over 120 years. In 50 years' time what do you want to be remembered for?

Today the richness of our company is all its people. We are active in a very specific area, and our know-how comes from them. In the future we must strive to be more autonomous and the only way to achieve this goal is to be more active in foreign markets. My primary goal is to have exports represent up to 20 percent of our total turnover.

France remains a very attractive market. I am also the President of AMLIS (l´Association des Moyens Laboratoires et Industries de Santé), a group of 50 to 60 small and medium-sized companies. Partners from beyond France, and beyond Europe, should look at French SMEs as potential partners for distribution, manufacturing and development opportunities.

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