Interview: Jean-Frederic Chibret – President, Laboratoires Théa, France



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Théa's Jean-Frederic Chibret reveals how as a company focused purely on ophthalmology, they have the expertise to focus on niche areas that big pharma companies neglect; how they are the third largest pharma ophthalmic company in Europe, and the only pan-European ophthalmic company to have its headquarters on the continent, and why being based in their home region of Auvergne is of particular importance to them

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Over the last five years Laboratoires Théa has more than doubled its turnover. What has been the secret of your success?

Laboratoires Théa was founded by in 1994 by Henri Chibret, coming from an ophthalmic dynasty spanning four generations, all the way back to the nineteenth century. Set up initially as an R&D start-up, we have grown considerably over recent years. Our development has been based on two principal factors: new products and new countries. We have launched many innovative new products over the last five years. We have also opened a number of new subsidiaries over recent years, the latest being in Mexico, Morocco and Ukraine. Within the last three to four years we have also developed our footprint across the Nordic countries and established a presence in a large market such as Turkey.

Laboratoires Théa has one of the broadest range of ophthalmic products of any pharmaceutical company. Is this what distinguishes you from your competitors?

Unlike many other pharmaceutical companies, we only do ophthalmology and are 100 percent dedicated to this field. We often say that we are the specialist in ophthalmology; as for our biggest competitors, this field represents only a relatively small part of their business. Within ophthalmology, Laboratoires Théa offers a very broad spectrum of products, from allergies to dry eyes, antibiotics, glaucoma and eye surgery. Big pharma companies tend to focus exclusively on retina products, considered a large market within the ophthalmology world, with high prices. Laboratoires Théa covers nearly all the therapeutic classes and this is really what distinguishes us from other ophthalmic players. As a company focused purely on ophthalmology we have the expertise to focus on niche areas that big pharma companies tend to neglect.

What are going to be the next game-changing products to be launched by Laboratoires Théa?

You can separate the ophthalmic pharmaceutical market into three main equal areas. One is retinal, which represents one third of the market and where Laboratoires Théa is not present, second is glaucoma, and the other third is all the rest. We have been present in all of the rest for the last 20 years, and are number one in this market. We have recently entered the market of glaucoma, having launched a product called Monoprost two years ago across the European continent and we currently have a 12 percent market share. In the field of retinal, Laboratoires Théa is not yet present and one of our objectives is to enter this domain. Our other main objective is to continuously develop our pillars in all the other fields where we are present. We have new products that will soon be launched in eye surgery, glaucoma and inflammation. We will keep innovating in the areas where we are already number one across Europe. Our big challenge will be to develop products in the retinal field, the one key market which we are missing within our comprehensive portfolio as I just mentioned**.**

We see that as a company you are very committed to maintaining your presence in the French region of Auvergne. For an innovative company, what are the advantages and challenges of being based in the city of Clermont-Ferrand?

There are numerous obvious drawbacks. We do not have the high speed train TGV service. The international hub airport is in Lyon. However, the quality of life on offer here is exceptional and something which we value greatly. It is true that when it comes to attracting people it can initially be more complicated. When you first talk to people, they have often never heard of Clermont-

Ferrand. Once people are here, they are extremely happy and I also believe they are more faithful to the company. The stature of the city and quality of life have evolved considerably over recent times. Today we have over 40 thousand students and a number of universities, many of whom we work with, such as the CHU de Clermont-Ferrand.

We do not want, as many other companies do, to have one head office in Clermont-Ferrand and another in Paris. We want everybody to be here. In terms of cohesion, we have 200 employees at our headquarters and we believe it is much better to have everybody located in one place.

We see that in France you work primarily through CMOs, but in Italy have decided to establish your own production site. How would you describe your industrial and production strategy both in France and internationally?

Eighty percent of our manufacturing is out-sourced, primarily in France. We work with the two main CMOs in this country, Fareva and the Unither Group. It is true that we have our own manufacturing facility in Italy. We acquired a company in Italy, called Farmila, for commercial reasons, and inherited their site. We have decided to invest in strategic production needs at this facility. But our primary know-how and our main strategy is to outsource manufacturing to the best CMOs.

Tell us about your internationalization strategy. Is the US a potential target market?

Eighty percent of our turnover comes from our European subsidiaries which we have built over the last 15 years. Africa, and in particular North Africa, is also an important region for us. Over 70 percent of our turnover comes from beyond France. This country remains our number one market but the majority of our turnover is now derived from our international business.

We develop our new products for both Europe and the US. However, for the time being we have not yet settled on our strategy for the US: whether we will go by ourselves or licence our products to a partner. The big challenge concerning the US is not obtaining FDA approval, but rather a commercial jump, given that competition is particularly strong. At the moment our strategy is to concentrate on Europe, where we are the number three player behind Novartis and Allergan. We are the only pan-European ophthalmic company which has its headquarters in Europe. We are still quite a young company and we need to consolidate our presence. There is still strong potential to increase business in countries such as Germany and the UK. We are also looking at starting business in a country such as Iran, and to develop a presence in Asia, where we have little presence as of now.

We have to go beyond Europe step by step, we cannot do everything at the same time! Once you establish a presence in a given country, it takes at least two to three years to launch your first product. Over the last 15 years, sometimes we have started in a country from scratch, which is a lengthy process, and sometimes we were able to acquire an existing company, which speeds up the process considerably as you already acquire existing turnover and resources. We have already gone through this inorganic route in the Netherlands, where we acquired a specific portfolio, as well as in the Nordics, Turkey and Austria. This could be the approach we take in the US.

What criteria do you look for when deciding on new acquisitions?

Any acquisition must either enable us to establish a presence in a new country or to enter a new niche area, a new class. We select strategic countries. When we started off in Germany back in 2006, we accepted that we would lose money for the first four to five years. As an independent, family-owned company that is not on the stock-exchange, we can accept losing money in the short term for a certain strategic country or product. Having established a presence in Germany, we are now active in the big five European markets (Germany, France, UK, Spain and Italy), something which is of great strategic significance. In Germany, we were able to capture new molecules from an American company, and over the last few years have grown the business considerably.

How challenging is it to recruit the right people to manage your various affiliates, ensuring that they fully embrace Théa´s values and philosophy?

The biggest challenge we have is identifying the right person. Good innovative products are the founding blocks of any company, but you can have the best products without the right people, and then you simply cannot succeed. It is a focus on people that has been the key to our success. We rely on entrepreneurial individuals at all of our subsidiaries, people with strong personalities who are willing to take the initiative. The global philosophy is set at Laboratoires Théa headquarters', but it is our country managers who recruit the local employees and build relationships with the key opinion leaders.

What would be your final message to our readers?

It is not enough to be successful in France, we need to be successful in Europe. To develop a product for France costs the same as developing a product for the whole of Europe. The French market is a big market, but with low prices compared to the rest of the continent. If you want a return on investment on your development, then you need to look beyond France. An added challenge, given that Laboratoires Théa is French company, is that this country is used as our reference market when it comes to exporting beyond Europe. The time to market is long in France

when compared to many other European countries. It takes at least a year and a half before you can launch your product, which means a year and a half before you can start the process of submitting your dossier for exportation. I would like to see the French authorities providing better incentives when it comes to encouraging local companies to export their products.

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