Interview: Stephane Legastelois – President and CEO, Indicia Production & Platine Pharma Services, France



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Serving as the leader of two companies - Platine, a CRO, and Indicia, a CMO - Stephane Legastelois, in his own words, challenges himself by wearing two different hats. Offering his unique views from two angles of the healthcare industry, Mr. Legastelois opens up as to why France, and particularly Lyon, is an important hub of activity in the life sciences sector.

What are the services and expertise of the two companies you have founded, Indicia and Platine, and what have been some of the major milestones in their respective developments?

I began my own company in 1998, Indicia Biotechnology, which developed services in the field of healthcare and diagnostics, as well as developing products. As the company expanded, it became advantageous to separate the company into two, one specializing in services, and another in production. The expansion of the service faction developed and ultimately merged with a new company, known today as Platine Pharma Services, and Indicia Biotechnology became known as simply Indicia Production. Our expansion over the years has incorporated elements in both Europe as well as the US, allowing us to provide our services in both regions.

Regarding Indicia, specializing in production, the company maintains a Contract Manufacturing Organization (CMO) model, meaning that we provide manufacturing solutions for the pharmaceutical industry and the microbiological media industry. Platine Pharma Services, a Contract Research Organization (CRO), in contrast, is more service oriented. In this capacity, one service we provide is the analysis of biological samples to assess how the immune system reacts to a new drug, and the anticipated effect on a patient. One important area of focus is the field of oncology, with most of our customers being pharma or biotech companies developing new drugs, making up over fifty percent of our business. These two companies are involved in very different components of a similar market, with one focusing on clinical trials, and another specializing in production. This sometimes creates a challenge of wearing “two hats” as a CEO and managing both initiatives.

How did the various businesses perform in 2015, and what will be the key growth drivers for 2016?

Despite founding the company in 1998, production at Indicia did not begin until a decade later in 2008. In the past eight years, the company has grown significantly, doubling the turnover to approximately 6.5 million Euros (7 million USD), which still classifies the company as small in the overall market; however, the progress has been consistent for an SME. Acquisition is a component of the company’s expansion strategy, with two acquisition initiatives underway to finalize in the coming year.

Considering our focus in microbiology, when seeking companies for acquisition we are eagerly pursuing new products to provide for our customers. In the pharmaceuticals sector, we are navigating outlets to increase our industrial capabilities and capacity. When a company grows and experiences limitations in its own facilities, it can either invest in the expansion of new infrastructure and equipment, or seek out potential acquisitions.

Indicia manufactures all of its products in France, which is normal given that you are a French company. However, market concerns exist that France is losing its attractiveness as a country of production. Contrary to these beliefs, what do you find to be the advantages of manufacturing in France, and specifically in Lyon?

Just looking at the news, it is readily apparent that very large pharmaceutical companies are increasingly concentrating on their core operations and outsourcing those […]in which they do not have a competitive advantage. They may disinvest and sell some of their production centers to another CMO, which may reduce employment and manufacturing opportunities, consequently

reflected as decreased attractiveness for this market. This is not only true in France but also in most developed countries.

From an outside perspective, social issues may appear to be more volatile in France, and the cost of labor may be higher, which all affect the desirability of investing in its markets. Even so, France boasts much expertise in various fields with key specialists as well as efficient manufacturing capabilities, which are all elements that can rekindle the attractiveness of the health sciences sector throughout the country. Current opinions pertaining to the French market often lament funding cuts and increasing social taxes by the French government, but the country is going through a phase of reorganization of its labour and social laws, and it will be able to recalibrate itself as an attractive market in the near future.

In terms of contract development and manufacturing, what value-adding services do you believe truly set Indicia apart from its peers in the market? What is it that distinguishes Indicia from other contract-manufacturing firms in Europe?

Indicia differentiates itself, especially from larger CMOs, by offering custom-based manufacturing. We work on very specialized products, and customers come to Indicia as we offer customized formulation, and adapt our production capabilities to meet their needs. When working in various niche markets, dealing with many different types of products, this is a challenge in manufacturing and requires a diverse set of skills and knowledge. This is where Indicia lends its expertise.

Lyon has always been a center of industrial biology, due in large part to the Mérieux family's influence in this sector for over 100 years. As a permanent guest member of the Lyonbiopole, how would you describe Lyon´s current international influence in the life sciences world?

Lyon truly is an exceptional location for a company in the medical field, especially thanks to the historical industry established by the Mérieux family. All biotech managers can credit their existence to this family's initiatives, and in this regard, all are like sons in a family tree, branching off in their own direction. It is this unique incubator, and this network, that makes Lyon an exceptional location for this industry, including large companies such as Sanofi-Pasteur, BioMérieux, Merial and Becton Dickinson. There is also a very healthy mix of companies of various sizes, including SMEs that have been generated by the large local University as well as by large companies. This serves to demonstrate the importance of academia in the city, which serves as a factor for industry innovation and growth, emphasized by the amount of life sciences SMEs in the region today, totaling over 600. 160 of these companies are part of Lyonbiopôle, further

demonstrating the unique capacity for networking and collaboration in this city. The attractiveness of Lyon is also a unique ecosystem of opportunity to work with large companies, and also share innovation with new market players as well. Lyon may be more universally recognized for its historical connection to breakthroughs in chemistry, but it is definitely positioning itself as a major global center for life sciences research and biotechnology. The local Lyon and Region Rhône-Alpes governments are also making efforts to promote the industry capabilities of the city.

Do you feel the large French companies are doing enough to support French SMEs in their own development, be it internally in France through Manufacturing and Research, or through their international expansions?

When considering organizations like Lyonbiopôle, large companies have been very committed, and have played a significant role in establishing these tools for SMEs to utilize. This is in addition to the large infrastructure projects that have been financed and established by the City of Lyon and Region Rhone-Alpes with contributions from large companies such as Sanofi-Pasteur and Biomérieux. This has further advanced potential and opportunity in the Lyon market. Indirectly, these initiatives help promote the Lyon region all over the world. There is always more to do to collaborate and bring together SMEs and large companies, but Lyon is special in what it provides in resources.

As well as being the CEO of two companies, you are also a lecturer at the University of Lyon with over 20 publications and patents to your name. How useful has your dual background as both an academic and an industrialist been to you?

My background is in research and academia. From this, I enrolled in business school in Lyon to expand my knowledge and learn how to run my own company. I may no longer be a researcher today, as I have been running my company for over twenty years; however, research still plays a fundamental role in my overall business perspective. In my line of business, a scientific background is very necessary. As our customers are scientists, we must be able to speak the same language and communicate at the same level. It is common, at least in Lyon, to find managers leading companies that started their careers in research and studying sciences, only moving to business later. In France, unlike other countries, there is little overlap in universities to study the intersection of science and business. Here you become well versed in scientific disciplines, and then move on to learning business in the field, or studying at business school. This lends itself to the very dynamic and sophisticated market found here.

You have more than 25 years' experience with research & development in immuno-technologies and in-vitro diagnostics. What is the one thing you have learnt during your career that has proved most useful to you in your role today?

Scientists in general, are not inherently business oriented. It creates a challenge to work amongst a group that may not all comprehend the direct influence of business on science and research. As I have progressed in my career in Lyon, I have learned how to serve as a liaison, facilitating this gap between scientific advancement and the fundamentals of engaging in sound business. There is an element of risk involved in entrepreneurial, start-up business practices, which are practices that nurture innovative markets. Education is a critical component, especially in a market such as France, to help address the interconnectedness of research and business, and promote creativity and risk in the industry. We must be optimistic that there are opportunities to develop this interconnectedness in France.

What should we anticipate in the coming years from both Indicia and Platine?

With Indicia, which joined with an investment fund last year, the goal is to have shareholders continue to invest for another five to seven years. This development projection aims to have the company reach the fifteen to twenty million Euros echelon (16.5-22 million USD), while today the company is at 6.5 million Euros (7 million USD) in annual revenue. Organic growth cannot be the only factor in reaching these goals, and external growth will play a vital role as well.

Platine, established in 2011, is still a relatively young company concentrating on a very specific niche-market of immuno-monitoring, and the near-term mission is to continue to validate the underlying concepts on which the company is based. Initially formed by the merger with two biotech companies, these companies were the initial customers. The mission now is to prove that Platine can expand and establish a new loyal customer base in the coming years. Expanding a presence in the market, both locally and internationally, is often a challenge for SMEs, but gradually we are keen to do so.

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