Interview: Stephane Regnault – CEO, Vygon, France



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Vygon CEO, Stephane Regnault, shares the international strategy of one of the largest independent French medical device companies and their continuing commitment to quality.

You are one of the few mid-sized French medical device companies thriving on the market. What is the niche market of Vygon, and the evolution of the company's established success?

Vygon may be a mid-sized company, but it is one of the largest French companies in this sector, creating single-use medical devices and products for a variety of treatments, including I.V. therapy, Hemodialysis, Urology, and surgical procedures. Since the early foundations of the company in 1962, internationalization has already been a key focus. The direct proof of this is that today, the UK is our largest market in terms of revenues, and not France. The willingness to export, be present in as many countries as possible and have a direct sales force has been a part of the Vygon strategy since its early years.

Vygon is dedicated to disposable medical devices, which is a large market, but not affiliated with the side of the industry dealing with large machinery and medical devices. While our products may appear at first as mere tubes to connect at either end, breeches of quality in such simple devices can have catastrophic effects on a patient. Our products have an element of simplicity, but we are unwavering in our guarantee of product reliability and high standards of quality.

Are there any new products with a prominent portfolio focus in which Vygon has been allocating investments for growth and expansion?

Vygon has recently launched a new product line called Qimono, positioned to be an opportunistic venture for the company. Qimono is a range of products uniquely dedicated to avoiding the risk of contamination and hazardous materials on the site of oncological treatments. While certain selected products are available on the market addressing these needs, Qimono represents the first complete product line protecting healthcare workers in all phases of treatments, from preparation of drugs, to drug administration. This product line also includes devices addressing needs of transportation and waste management, representing a holistic “safety net” of protections in this pathological field. We have developed this product line with the Curie Institute in Paris, which is already using the line throughout the institute. Vygon is expanding the product line for international distribution at our production site in Portugal, and we anticipate the line to be a prominent growth driver for the company in the years to come.

Large multinational companies dominate the medical device market in France, yet notably, none of them are French. Why has France not been able to nurture a homegrown medical devices giant like those in the pharma sector, such as Sanofi and Servier?

Compared to the large companies that have been able to grow in the pharmaceutical sector in France, it is true that it has been difficult for small medical device companies in the country to expand with comparable success. Historically, France has had important medical device companies, yet many of them have been acquired and absorbed by large multinational firms. This said, France is a very creative and innovative country, particularly in the field of medical devices and implants, and has been the site for a large list of novel innovations. Some inventions developed in France include the first hip implants as well as the ports used in oncology procedures. There is no concern of a shortage of innovation and creativity in France, yet the country has been unable over the years to convert these positive attributes into truly international and industrial business successes.

Are there any explanations as to why this may be the case?

One explanation for this is the difficulty for young companies to secure financial resources. Perhaps in the initial stages of start-ups, it may be possible to receive capital to initiate business activity. However, to make the transition into the international market, to grow into a medium sized entity and become an industrial player, much larger sums of capital are necessary. Securing this level of

capital is what is particularly difficult in France.

It is also increasingly difficult to establish close relations between the industry and physicians & caretakers. While this is an unfortunate reality in the market, for medical device companies to innovate, communication with healthcare professionals and end-users is necessary. Developers of medical devices are not the ones utilizing or applying these devices in a real life setting. While developers are always keen to adapt and improve devices and tools, without feedback and suggestions from professionals utilizing these devices in the field, any hope for progress is minute.

Today, as a company grows beyond mid-sized and secures a stable product portfolio, it has generally made strides in becoming an international entity. To export a product, a company must also export clinical success. This means that beyond simply developing a product, testimonials and approval of physicians and caretakers addressing quality standards and market needs are crucial. Due to limited pathways connecting healthcare professionals with device developers, it is difficult for French companies to export products and establish an international presence. For too many French companies, initial success is not found within France, but rather is based upon product reception abroad. In this regard, right from their foundation, these companies begin to disconnect from France and splinter off internationally. A company invests close to where it is selling products. When a company's market is no longer in France, it is very difficult to say that a company will remain French, as they are no longer investing in the country.

It is true that France is a dynamic country in the life sciences industry, with a high number of start-ups, numerous patents, and a high caliber of innovation. The country also subsidizes large amounts of research and has a very elaborate system in place to bring money to research, financed research of which many international companies utilize. The main drawback of all of this is that France is unable to convert this potential and research into industrial success.

Vygon has grown tremendously in recent years. What have been some performance milestones of 2015?

2015 has been a very productive and successful year for Vygon, with the company reaching revenues upwards of 300 million Euros (335.2 million USD). In addition, Vygon recently strengthened its position in the adult long-term vascular access market following the July 2015 acquisition of Perouse Medical. The synergies between Perouse and Vygon's various product ranges will allow Vygon to expand its portfolio of available products and strengthen its commercial foothold in France and abroad.

There are two business units at Perouse, the first of which targets long-term access for adults including ports and needles, with another business unit dedicated to cardiology products. Vygon has not had a presence in cardiology, so this acquisition has provided an opportunity to expand our product portfolio offerings and scope of our company. Perouse has been a very successful company in France, yet the company has had a very limited international network. In this capacity, the joining of the companies has established a mutual benefit, as Vygon provides access to new international markets for Perouse products, and in due course, Vygon will expand its expertise into new market segments.

You have noted that beyond products, services are an increasingly important component of Vygon's offerings. Could you share with us what the company has been developing in regards to services?

R&D investments dedicated to our new Qimono product lines have been a leading focus at our Vygon site in Ecouen, north of Paris, as well as at our new manufacturing site in Portugal. In addition to this, another site in France, SAP, located in St. Saulve near Valenciennes, has been keenly developing new services for customers, increasing added value. Over the past decade, Vygon has expanded beyond merely selling products, such as catheters, to service offerings including complete "packs" of products, including all devices and accessories in order to meet all needs of caretakers when applying these apparatuses.

Our factory SAP used to be a drape factory, yet in recent years, the market for drapery has largely moved to other production regions, including China. Vygon has adapted to these fluctuations in the market, and intuitively repurposed the factory as a "custom pack" factory, dedicated to this new product and service venture. The next step of the company will be to navigate regulatory red tape, and incorporate drugs into these product packs to provide the most convenient and comprehensive services for caretakers.

Vygon has an established global presence today, with production facilities across Europe, the USA and Latin America, as well as 25 international affiliates. What are your key markets and where do you see the most promising growth looking to the future?

84 percent of the company's products are exported. While international exports have played a very prominent role in our company activity over the past few years, the dynamics of the global market have changed. While a few short years ago, the BRIC countries and parallel markets were a primary target for further international growth and expansion, for various reasons, the potential in these markets has slowed. The UK is still our largest market, with France being our second largest.

The US and Germany are other large international markets, followed by Spain, Italy, and the Nordics.

Vygon has made committed efforts to hire local managers and employees over expatriates in our international sites, which has been a factor in our success within several markets, particularly the UK. Maintaining our sense of entrepreneurship throughout all of our international branches is a company value, and we strive to provide a sense of autonomy for our regional managers, while also harnessing a unified brand and commitment to quality.

Vygon has designed a 2022 growth initiative plan. What ambitions does the company have for the coming years?

Vygon has established a company mission of doubling revenues every ten years, equating this to an anticipated seven percent growth per year. Internal growth is always a challenge, but any goals set below seven percent are simply not ambitious! Our company will continue to establish a balance between catering to global as well as local needs, for which our ability to adapt to such needs is a key component to our success.

To invest in production facilities and factories, volume in product is necessary, and to establish this volume, synchronizing all of our subsidiaries to strive for the same sales goals is a priority. These are all aspects in our supply chain that are integral to growth as an expanding, and exceedingly global, SME. Throughout our growth, Vygon has learned to improve efficiency, also navigate evolving regulatory policies, and attribute greater significance to product launches as a primary component to company growth.

As one of the leading French companies in the medical device sector, are there any final comments about the future of the industry in the country?

France still has a lot to offer in the healthcare and life sciences sector, and it remains a very opportunistic site for investment. While there are aspects in the country, such as regulatory requirements, that can be amended and fixed, in terms of research and innovation, the offerings throughout France are truly top class and leaders in the world. Converting this into industrial success is a challenge in the country, yet if we can solve this issue, France can truly do great things in this industry.

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