Interview: Dr. Thomas F. Szuran – CEO, Biomed, Switzerland



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CEO of Biomed, Dr. Thomas F. Szuran discusses the keys to success for pharma SMEs and the importance of relationship management, investments, and a culture of internal dialogue.

Could you start by introducing Biomed to our international readers?

Biomed is a traditional Swiss pharma company founded 65 years ago. It has always been a trading company, we have never manufactured drugs but we do own half of our portfolio while the rest are licenses. We were founded in the 1950s as a result of political regulation which did not allow German companies to establish subsidiaries in Switzerland. This still remains the core of our business model; we represent companies which are not present in Switzerland directly. Some companies choose not to enter the market by themselves given Switzerland´s small size and complexity of operations, with three national languages and the implications that has for regulations, sales and marketing. Of course we experience some risks too because if we launch products that become too successful, the companies can decide to run the business independently from Biomed and establish their own subsidiary.

How do you mitigate against such risks?

Relationship management is the key. Building strong relationships with our partners is very important to us. We have been representing a number of German companies for more than 35 years. The relationship, therefore, has developed into a strong sustainable partnership, some could

even call it friendship. On another hand, we have companies which decide to operate independently, or eventually set up one distributing partner across Europe and then we are out of the game. To mitigate such a risk, we naturally look to generate revenues from our own brands in parallel.

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Furthermore, big corporations often cannot properly manage all of their products in the market. This is where we come into play and are happy to take some of their portfolio. The selection process of course has to be accommodating to us. Traditionally, we have been both an Rx and an OTC company. OTC spending in Switzerland is very high, therefore, pharmacy channels are very important to us. With OTC products evolving into consumer goods, food supplements and medical devices, price pressure becomes an issue. To operate with discounters on healthcare products you have to adopt a very different strategy from the one we use when working with pharmacies. Companies like ours simply cannot be profitable in discounters, thus, we stick to higher margin products and aim to reach pharmacies as well as hospitals.

A year ago we acquired Ospimedix, a company which specializes in innovative niche product distribution to hospitals. This is a new step for Biomed. It is not a commodity business, which makes us competitive in niche segments. Overall we have significantly expanded our portfolio and are still looking for more partners and new potential companies or brands to acquire. This is a very exciting time for the company. We have the power and money to invest, which is often not the case in today’s business environment.

Could we say that you are at the stage of creating a new Biomed?

One could say so. During the recruitment process eight years ago, I was asked how I was going to elevate the company from a slow moving train, to a fast moving train. This is the question that many pharmaceutical companies should ask themselves because with profitability and success people often get complacent and forget to change. Big companies, for example, do not spend their resources efficiently and are often slow to adapt to a fast changing environment.

How do you transform an SME? What have been the necessary changes you implemented for Biomed to be successful?

When I started I always recognized the potential of the brand. The Biomed name was registered as brand but it was not used well enough. Additionally, it was very important to build a strategy and understand how the business can evolve in the future. At that time the company had lost a very

important licensing partner and everyone was more focusing on the present difficulties rather than thinking about the important long term strategy. It was necessary to change the fundamental culture of ‘maintenance’. Employees were too focused on what they had and not on what they potentially could have, everything worked well so but most did not think about the reasons and drivers to change and evolve.

At the end what made us successful was that throughout all the changes we have implemented – and there were quite many – on one hand side the board and the owner of Biomed have always supported the leadership team. On the other hand, once the employees understood that we changed for good, they were behind us and carried the ongoing business successfully through this period while adopting many new business fields and tasks.

Talking about branding, being a medium sized company, you are inevitably represented by your products. What are the key therapeutic areas that you as Biomed want to be associated with?

The consumer needs to recognize our product brands more than Biomed itself. Here we have been able to build some brands which today are well known in the market through a variety of therapeutic areas and rank number 1 or 2 I it’s segment. On the other hand, we focus on the trade, hospitals, physicians and pharmacies. These are our partners who transmit our products directly to consumers. Those trading partners have to recognize Biomed as the sign of quality. Equally important is that our licensing partners recognize Biomed as a company which is able to drive their brand to a leading position in Switzerland.

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Regarding therapeutic areas, we have had this discussion internally many times, we have strong portfolios in mineral supplements, cough & cold and gynecology. However, it has never stopped us when moving into the new areas. Right now we are going into urinal track infection treatment which is new for us. To reach growth, Biomed has to be flexible.

How do you translate this flexibility and new portfolio development to the sales force?

That was one of the main issues we had to change in the organizational culture when I joined Biomed. Logistics and admin tasks seemed to overtake operational efficiency in the company. This is when we decided to outsource logistics and the call center. We have changed some of the processes and found solutions to exploit the potential of our employees. Right now we are focusing on the expertise that our people can offer to our foreign partners.

In our mindset, we are sales and marketing company, but we are also very focused on regulatory and medical affairs; a key part of our business. The beauty of a small company is the fact we can sit with our employees together around one table and find a way to sell our products. In most of our product segments we are either number one or two in terms of sales. We have the entire package, and effective dialogue tools between our sales, medical and marketing representatives. Six years ago we have started a weight loss portfolio to the market. At that time, it was a small declining 10mln CHF market. We subsequently identified a weight management product and still decided to invest in it, as we saw the potential. After three months we have reached our yearly target and doubled on the spot our investments for the rest of that year.

What role does data management play versus your experience of constantly launching new products when it comes to decision making?

Both are very important. In a pharmacy business you usually have annual contracts for promotions. Biomed is recognized for strong analytics, we analyze the market extensively. However, if you have the numbers and do not know how to make commercial decisions based on the analysis, it does not work. You have to have the gut feeling and the guts to decide and invest. At Biomed we are fast, if we see an opportunity we will double the spending, while in a big corporation such a decision can take years. We are agile and we have the money that our partners do not always have to invest in Switzerland.

You started the company during a tense political situation between Germany and Switzerland. The world has changed and everyone is looking at emerging markets, while companies from these markets are also seeking expansion into developed markets, such as Switzerland. How has the nature of the companies that are approaching you, or that you are approaching, changed?

To a certain extent it has changed, but Switzerland is often seen as too small. On the other hand, we cooperate for example with South Korean or Malaysian companies who are looking to expand to Europe. In order to do this, they need to show that they are present in one or two markets, before entering the really profitable big markets with more risks involved. Nevertheless, at Biomed we seek longer partnerships; companies which are not only looking for a quick success story with one product built up over around three years.

How do you balance your contracts with the risk of losing them?

We have a few significant contracts, but we have also established relationships with these companies. Moreover, this is why, to balance the portfolio we have acquired a hospital business.

Lastly, with an aging population, the issue is how to serve those patients and how to reach them. The good thing about Switzerland is the fact that these aging consumers want to invest in their health and are also wealthy when compared to other markets. This is where we have to adapt our sales strategy, taking into consideration e-commerce and how the older population also uses it for information gathering.

Talking about your recent acquisition, how will you integrate Ospimedix into the business operations and culture of organization?

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Commercially speaking this acquisition will more than triple the business over the next five to six years and become a substantial part of Biomed. It is a great development for the future, which also motivates our staff members. We employed 10 percent more people this year; which, once again, is an anomaly considering the current business environment.

What did you learn, during your time at Pfizer and Abbott, that has proved most useful in your career today?

What I have learned working in both big and small companies, is to spend time with your people. First and foremost, you shouldn’t believe that your employees will know everything but it is important to listen, to have a positive debate and initiate internal conversations. Another side of the game is understanding customers. As President of the association for the Swiss Self-Medication Industry, I interact with a range of different stakeholders. Finally, I pay attention to business development opportunities.

Do you have any final message regarding Biomed to our readers?

People need certain anchors and stability. Employees today often feel unsafe and unsettled. Despite the whole lot of changes that Biomed underwent throughout recent years, our employees and partners can clearly see the bright future of Biomed fostered by strong family ownership.

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