

# Interview: Georg Boonen - CEO, Max Zeller, Switzerland

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*The CEO of Max Zeller, a Swiss Phytopharmaceutical company, highlights the immense benefits his products have and furthermore discusses the company's internationalization strategy.*

**Mr Boonen, you joined Max Zeller in June 1999 and have spent almost all your professional career here. How have you seen the company evolve over time and how would you define what it is today?**

Looking back to the beginning, I started as export director with the aim of developing the international business which at that time was rather small. I scrutinized the existing portfolio in an effort to identify products that would be in high demand internationally. I started to develop a portfolio of partners, which at that time were large pharmaceutical companies, such as Novartis. To grow as a company however, we realized that we needed to find partners that were of similar size to us and shared a similar vision to ours, so that we could really grow together. We define ourselves just as any other pharmaceutical company, and we need to determine the right solution for our business. finding the right partners was therefore part of that.

The next step was to invest in focused research and development to ensure proper documentation and proper processes. As a result, we chose the women's health segment as our key focus. We felt that women better understand the value of phytopharmaceuticals and are more open to treatments that really treat the cause in the long term rather than just having a short term effect to relieve symptoms. Today, in our women's health portfolio, we are market leader in Switzerland for treatment of the menopause. From a niche product, we have successfully turned it into

“standard therapy”.

Our second focus was on our CNS products. If you look at menopausal complaints you see sleeping problems, depression, mood swings, nervousness and so forth. The CNS and women’s health portfolios therefore had a natural fit. Obviously such CNS problems are also relevant for men. Today, besides phytopharmaceuticals for gynaecological indications such as menopausal complaints and premenstrual syndrome, Max Zeller offers a broad range of CNS products for indications such as sleeplessness, nervousness and anxiety, depression, mood swings and central circulatory disorders. The advantage of phytopharmaceuticals is mainly evident in indications in which the treatment with synthetic drugs is often chronic and accompanied by side effects. Especially in indications such as sleeplessness, nervous states of anxiety or mild to moderate depression, phytopharmaceuticals offer sensible and relevant first line therapy options with beneficial tolerability profiles.

**An important fact is that all of your products are phytopharmaceuticals - in comparison to traditional pharmaceuticals, how do phytopharmaceuticals differ and what are the advantages this type of medicine has to offer?**

Treatment with natural substances has a very long history and thus is the traditional pharmaceutical industry. Indeed, up until the late 19<sup>th</sup> century, patients were still mainly treated with herbal medicinal products. Even today roughly one third of the best-selling pharmaceuticals contain either plant-derived molecules or derivatives of natural substances and a high portion of oncologicals are from natural origin. We develop phytopharmaceuticals for various indications to satisfy both the patients’ and healthcare professionals’ desire for a natural, well tolerated and cost-efficient treatment option. Evidence based phytopharmaceuticals should be considered as a viable and appropriate treatment option in basic care for numerous indications thus ideally complementing synthetic pharmaceuticals.

[Featured\_in]

**Are these benefits appreciated?**

I would say that phytopharmaceuticals are widely accepted as most are made of ingredients found in our daily food. More importantly, however, the end science counts and if clinical studies have been conducted and the results published in good peer reviewed journals, the products are accepted even in the academic world. Twenty years ago, Zeller Medical was a pioneer in visiting physicians with evidence based phytopharmaceuticals. The initial skepticism within the medical profession turned over the years into an understanding and conviction that many patients prefer

an alternative and natural treatment option. It is, nonetheless, imperative that such phytopharmaceutical products are able to satisfy rigorous standards concerning efficacy, safety and quality. Today Zeller Medical is the market leader in the field of phytopharmaceutical products in Switzerland. That being said, phytopharmaceuticals still represent a niche in the total pharmaceutical market with a market share of only 3.5 percent in value.

### **How would you assess Swiss physicians' attitudes towards prescribing phytopharmaceuticals?**

Phytopharmaceuticals are anchored in today's pharmaceutical market in Switzerland and are an important tool for general practitioners. The trend towards natural treatment alternatives is growing and this trend is supported by the fact that phytopharmaceuticals are frequently prescribed by physicians. In contrast to other European countries, it is possible for evidence based phytopharmaceuticals to be fully reimbursed by Swiss health insurance companies and this is unique. The reimbursement status of a product is independent of its regulatory classification; list A/B: prescription only, list C: pharmacy only or list D: Drugstores, but instead requires that efficacy, cost-effectiveness and clinical relevance of the product has been demonstrated. Only then can a product be accepted onto the "positive list for reimbursement".

Some products have made it from niche-status to most prescribed products in their indication; our black cohosh product is such an example. In Switzerland, it is the most prescribed product in the whole indication menopausal complaints.

### **One of the big concerns today in Europe, and globally, is antibiotic resistance of patients. To what extent can phytopharmaceuticals be a solution to this pan-European issue?**

Today it is known that many otolaryngology infections do not need antibiotics. Indeed not only do they not need antibiotics but they don't help in curing the disease. In the area of phytopharmaceuticals, there are many good products on the market tailored for upper airway and respiratory tract diseases. For many patients, phytopharmaceuticals are the products of choice for the treatment of coughs and colds and the like. This is exactly the hidden awareness of phytopharmaceuticals: almost everybody has experienced phytopharmaceuticals and has witnessed that they work. To answer the question — no, phytopharmaceuticals are not able to directly replace antibiotics, but where the cause of the problem is viral rather than bacterial — which is often the case — then yes, phytopharmaceuticals can be extremely useful! Every time antibiotics are used, they significantly impact the gut microbiota thus suppressing the immune

system. this is really not necessary when alternatives such as phytopharmaceuticals exist.

### **Is patient education still an important topic for you?**

In our field, I would say that word-of-mouth recommendation is a major tool in raising awareness. Many patients appreciate their value and communicate it to their peers. Moreover, that a product is a phytopharmaceutical is frequently not recognized at first glance, so often people do not even know. This means that there are no pre-conceived negative ideas or beliefs associated with the product and once the patient experiences the benefits, they spread the word. patient education is therefore, not really an important topic anymore.

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### **How challenging is the development of new phytopharmaceuticals?**

The development of a new phytopharmaceutical is becoming, especially for small and medium sized companies like us, more and more challenging. Only if a European plant or extract monograph exists, can the development program be reduced since in that case, part of the documentation can be based on bibliographic data (for example in the clinical and pre-clinical section of the dossier). Even in such cases, the development of a new but established phytopharmaceutical for which a monograph exists – like a St. John's Wort or valerian product– still takes approximately three to five years.

The development of a New Herbal Entity (a new plant or plant part used for a new indication) takes at least seven to ten years and requires high expenditure, accompanied with high risks. As patent protection is often difficult to achieve the protection against copycat products remains a challenge.

### **Adding Vitaplant AG in 2008 was seemingly an important milestone for the company.**

#### **Could you please share with us why being vertically integrated is an important prerequisite in your business?**

Zeller is one of the few phytopharmaceutical companies which controls the entire value chain, from the plant cultivation to the production of the finished product. More than 15 percent of the annual turnover is invested into research, development and quality control.

In the manufacture of phytopharmaceutical products, the quality of the plant – our raw material – is of critical importance. Vitaplant, a subsidiary of Zeller, is specialized in the procurement of medicinal plants, the development of controlled cultivation protocols for wild plants, the selection of plants based on pharmacological and phytochemical studies, the propagation of medicinal plants

(in-vitro and in-vivo propagation), and is in the process of establishing selected elite plants for European plant variety protection.

In Uttwil on Lake Constance, VitaPlant has modern greenhouses, a field trial station of 60'000 m<sup>2</sup> and a GMP-certified raw material warehouse. Controlling the whole value chain requires a team of specialists from the various disciplines and steady investment to ensure a modern infrastructure.

### **How important are your domestic operations in contrast to your international operations?**

In Switzerland, Zeller is market leader in the segment of herbal medicinal products. However, with a population of approximately eight million people, Switzerland is a rather small home-market. It is, therefore, a central point in Zeller's strategy to grow internationally. A Key export market is South Korea which today is one of our biggest markets. Most recently we launched our first product in Japan and we believe it will be a big market for us in the future. The ability to launch a product in Japan proves the quality of our research and data available and it makes us proud to start establishing ourselves in this market.

Europe is more difficult for us. although it is a traditional phytopharmaceutical market and although we are Swiss, it is not an ideal market. We have to compete with European companies offering cheaper priced products, hence the level of competitiveness is much stronger. As a small company, we cannot be everywhere hence the decision to have our key focus in Asia, Latin America and Australia.

### **Why is 'exporting' and out-licensing to partners the right method of internationalization for Max Zeller?**

Being a small company with a key strategic focus on controlling the value chain in order to ensure top notch quality, and being a driver of innovation in this field, we are simply too small to start our own business in every country. Therefore, we need to find partners for which we can function as a kind of prolonged workbench. in collaboration we can seek regulatory approval and engage in a long-term partnership in which the local company takes responsibility for the marketing and any other aspect where local knowledge is mandatory. Of course, it would be nice to have a subsidiary in every country, but considering how different the environment for phytopharmaceuticals is in each market, it always needs local knowledge - which in turn means working with local partners.

### **What is an ideal "Max Zeller partner"?**

The most important aspect is that Our products should be a perfect fit to their portfolio. It is also important that they understand and appreciate our products and values, but I think the most important point is that they share our vision; that phytopharmaceuticals should be first in line as a treatment option in their respective treatment areas.

**And on the contrary, why is Max Zeller the right partner for such companies?**

Let me use a metaphor: what is the difference between a high quality and a low-quality red wine made from the same grape variety? Both are red wines; the processes of fabrication are more or less the same...but yet they are different. The difference is where the grapes have been grown, how they were harvested, how they were handled after the harvesting, the exact composition of the wine and so on and so forth. Even though you have two bottles of apparently similar red wine, they are completely different and they taste different. Given this example, Zeller is one of the very few companies genuinely able to engage in a seed to patient approach. We start with the plant, select it, control the harvest, supervise the extraction, prepare the formulation and so forth - it is the entire value process which really makes the difference!

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