Interview: Martin Prinz – CTO, Croma-Pharma, Austria



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Martin Prinz, CTO of Croma-Pharma, a family-owned Austrian aesthetic dermatology company, discusses the evolution of the company over the years and their specialist, ever-expanding portfolio. Additionally, he documents the role of training clinics in establishing a vertical business model and provides an overview of the company's growing global reach, namely into China, Brazil and soon the US, bolstered by the soon-to-be-constructed 40 million EUR manufacturing plant that will quadruple the company's production capacity.

What was the reasoning behind the company's shift towards aesthetic dermatology?

Previously, Croma-Pharma functioned around three core branches; filling of surgical syringes, ophthalmologic devices using hyaluronic acid and aesthetic dermatology. Indeed, researching three different fields requires more resources than researching one intensively; therefore, this has driven us to reduce our portfolio of 3,000 products down to a few and be pure specialists in our field.

Additionally, the potential for ground-breaking innovation was greater in the aesthetic dermatology side than in ophthalmology. Our size would not have allowed us to benefit economically from such large diversity; hence, concentrating our efforts on the high margin aesthetic dermatology sector was rational.

How have the company's practices evolved over time?

We strive to improve the standards and optimize the level of service delivered to our clients. Before, there were only two products in the aesthetic dermatology field: Botox, for chin and cheeks, and filler for the forehead. Treatments were not evidence-based and were simply replicated from patient to patient with invasive results. This period is over, and nowadays treatments are tailored according to each patient. This takes into account fat, gravity and loss of skin elasticity as people age. Using our fillers, Botox, hyaluronic acid and microthreads, we can address these issues and ensure patients look their best and feel good about themselves.

We aim to adapt our patient's appearance in the long-term, and our products are developed as such. We aim to be one of the first companies to completely remove harmful toxins from our products and we plan to release our own Botox in 2020 to increase our profitability. If it is as good as it seems currently, this will be a major step forward for Croma-Pharma.

What steps have you taken to build the brand in its newfound sector?

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Our intensive focus on aesthetic dermatology was not so challenging in terms of branding. The aesthetic market is composed of many small companies and reliability is a determinant factor of success. Croma-Pharma's longstanding reputation for safe products allowed us to immediately establish a strong foothold in the market. Our culture of continually going the extra-mile in terms of good production practices and reducing sanitary risks has equally payed-off.

Furthermore, Princess® was one of the few aesthetic dermatology surgery products, and didn't carry a medical name. As a result, we easily differentiated ourselves from the other competitors – however – females over a certain age don't strive to be princesses anymore, so now we are pushing to make Croma-Pharma more attractive to an older demographic. The new technologies we bring into the market are sub brands of Croma and no longer linked to Princess®. Practitioners use a Croma-Pharma filler rather than using the specific Princess® brand name and to emphasize the quality of our products and our technical expertise, we have adapted the Croma-Pharma logo to be more appealing.

How has your clinic in Vienna helped differentiate yourself?

We started as a distribution company some 40 years ago before proceeding to establish more vertical integration. Training clinics are Croma-Pharma's latest step where we offer training to doctors and it has allowed us to gain expertise in how our clients and patients think. Our potential clients can test our new products in these facilities; therefore, we are able to readjust certain

products before actually bringing them to the market and this reassures clinicians that our products will guarantee the best results. We are considering opening more clinics of this type in other markets once the clinic is established and running effectively in Vienna.

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What was the motivation behind the soon-to-be-constructed 40 million EUR (47.25 million USD) production plant?

Our existing production facility can only fill 5 million syringes a year, which has limited our growth. With the desire to increase our revenues, we decided to invest in a larger production plant. Furthermore, to limit sanitary risks and decrease costs over time, we decided to intensify technology automatization in this facility. Despite experts in the sector telling us we could not automate the syringe filling operations, we dedicated time and money to reduce the amount of human interaction, and we have succeeded!

As a result, we are about to open a production plant capable of filling 22 million syringes a year, with only 12 technicians. We are driven by a desire to produce the highest quality, and this is the only production center for our entire global portfolio.

Partnerships are a strategy Croma-Pharma has utilized when going abroad, such as Brazil and China. How do you select a specific approach depending on the country?

Croma-Pharma internationalizes by using a certain strategy according to market opportunities. Over the course of the company’s history, we have done pretty much everything, such as in-licensing, out-licensing, buying and selling or restructuring. In other words, we operate in an opportunistic and pragmatic way.

There are both advantages and challenges in each approach. Most importantly, you have to adapt to different cultures. In China, for example, local content is a prerequisite to entering the market. In some cases, we join forces with people with whom we know; for example, in Brazil, Jose Roberto has been distributing our products for 20 years and he has remained our partner of choice when we chose to establish a direct presence in the country.

Which geographic areas do you see growing in the future?

The strongest markets at the moment are Brazil, China, and South Korea and Europe is growing at around 11 percent. Our company’s portfolio sales rate is growing faster than the market. For example, the Princess® range grew around 100 percent in the first quarter of this year, and even

then, this figure has been limited by our production capacity. This was one of the chief reasons we have invested in the aforementioned new production facility that will ensure a fourfold increase in annual production.

Additionally, Croma-Pharma products are currently in the FDA's approval process. Hopefully by the end of 2020, Croma-Pharma will distribute entirety of its portfolio in the US, probably through a partner. We have two products that have finished their scientific studies and we are looking to forward to starting the studies for fillers and threads.

How has the perception of aesthetic dermatology evolved over the years?

Aesthetic dermatology is still stigmatized – however – minimally invasive treatments are up and coming. People are a lot more open about it nowadays, and hopefully the people who experience minimally invasive surgery will talk freely about it. It is a matter of time before people are more open to this type of treatment in Europe

What steps are you taking to accelerate this process?

Firstly, we need to demonstrate more the fact results are natural, unlike a couple of years ago when people who underwent minimally invasive surgery looked artificial. Moreover, we train doctors constantly and unfortunately, the media has long shown the complications of aesthetic treatment, rather than the millions of successes; therefore, damaging the reputation of aesthetic dermatology.

In a way, we are embarking on a crusade to make people feel better. Our involvement in doctor's education has us travelling all over and speaking to key opinion leader. The more we educate, the better the outcomes will be for our patients.

How does Croma-Pharma differentiate itself in a very dense aesthetic market?

Croma-Pharma attempts to understand and address its client's needs, although, this is easier said than done. Often technologies are built on theory without a clear application for the patient. Our product's development starts with the patients' needs. For example, we take additional security and sanitary measures to address the fears of patients that a process could go wrong.

Moreover, the holistic approach of portfolio we have is also unique in this sector. Croma-Pharma was the first company in Europe to have all three different kinds of products in aesthetics dermatology. In fact, some companies are trying to replicate this strategy.

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