Interview: Louis Pilon – President and CEO, JAMP Pharma, Canada



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23.11.2017

Tags: Canada, JAMP Pharma, Pharma, Generics, Strategy, Internationalization

Louis Pilon, president and CEO, highlights JAMP Pharma's unique positioning as a Canadian generics company with one of the largest salesforce covering the whole Canadian market as well as the fourth-largest product portfolio, their focus on niche and complex products, their agility in seizing new opportunities, and his mission to take JAMP Pharma international over the next few years.

Louis, could you start by introducing JAMP Pharma to our international community?

JAMP Pharma was initially a contract manufacturing organization (CMO) based in British Columbia, Canada, which I purchased in 2006 mainly for its pipeline of products; JAMP Pharma had been working on some rather interesting formulations. I was already involved in product distribution for third-party companies so the addition of JAMP product line was the next logical step in the evolution of my company.

At the time, JAMP Pharma had around CAD 6 million in revenues. Today, across all our affiliates – as JAMP has purchased a number of companies throughout the years, from WAMPOLE to Laboratoire Suisse – we now have sales of around CAD 150 million. This makes us one of the more significant players within Canada. I am pleased that we are the fastest-growing generics company in Canada, not only launching the largest number of new products every year but also achieving a cumulative growth of 40 percent y-o-y for the past few years.

We also have a rather unique positioning in the market as one of the few to have full market access to the Canadian market, with one of the largest salesforces across the Canada.

We currently have the fourth-largest generics product portfolio in Canada and we are committed to becoming the third! While we produce generic versions of most products within the Top 50, we also focus a lot on niche and complex products. We are committed to bringing to the Canadian market more generic options where no or only one alternative is available. In addition, we also want to be active in bringing in expensive products that are highly complex to develop as well as to obtain regulatory approval for.

As a smaller local company, how have you adapted to the challenging fragmentation of the Canadian market, especially with regard to market access?

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The Canadian market is extremely complex, especially given its size. Firstly, Health Canada, our regulatory authority, is one of the most stringent regulatory agencies globally, which I appreciate, because it safeguards Canadian consumers and patients and also gives Canadian products recognition globally as high-quality products. But on the producer side, their criteria can be rather complex and demanding. Following this, we need to negotiate pricing and reimbursement with individual provinces and territories, as well as the Federal government, who has their own programs and criteria.

Then consider the fact that Canada is one of the largest countries in the world in terms of physical geography. Outside the few big cities, the population is also rather spread out. Canadian living standards – and therefore salaries – are also rather high, which means that to have full sales and marketing coverage of this country, as we do, is expensive. A final aspect to consider is that while pharmacy chains do exist here, which we deal with as corporate accounts, a large portion of the Canadian market is still composed of independent pharmacies. We are one of the few generics companies to have a salesforce that covers every single pharmacy in Canada. At the end of the day, it all comes down to our people, and we have a very competent team.

We have had a lot of success in hiring the best. We want to build an elite team here at JAMP Pharma, and we focus on hiring entrepreneurial people. In terms of sales reps, we want to see sales reps manage their territories as if they were running their own business.

In fact, this is one of the significant advantages of being based in Montreal, which is an excellent place to access competent people within the pharma industry. What has further helped our growth

is that many innovator companies have had to shut down facilities and offices over the past few years due to a series of patent expiries. This meant that there has been a surfeit of experienced and talented people we can draw from. To complete the package, there are four universities based in Montreal so we have a pool of interns to hire from. In fact, Montreal is the largest university city in North America, with four universities and satellite centers and 170,000 students, over 30,000 of whom come from all over the world.

Speaking about pricing, the generics industry has faced significant pricing pressures over the past few years, and the Canadian Generics Pharmaceutical Association (CGPA) has negotiated extended pricing agreements with both the pan-Canadian Pharmaceutical Alliance (pCPA) and the Quebec Ministry of Health. How has that affected JAMP Pharma?

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We are always facing price pressures; prices have been decreasing yearly. Frankly speaking, the generics industry as a whole may be reaching the limit in terms of the viability of the industry. For instance, drug shortages have been a major issue in the past couple of years, with the larger companies operating within the injectables business facing supply issues, which affected some hospitals. As a result, Health Canada had to implement special programs to fast-track the approval of generics drugs that already had approval from other jurisdictions.

Pricing is just one aspect of the equation. Product availability is also very important, and that depends on having sustainable pricing for the industry.

Another factor the Canadian government needs to consider is also their interest in – and need to – maintain a strong Canadian generics industry. As an example, Quebec has a program in place to ensure self-sufficiency in food supply. A similar program for drugs should be in place; if there is ever a crisis, Canada needs to ensure that there is a local industry that will be able to meet domestic healthcare needs instead of relying excessively on international supply. A balance needs to be struck there.

For instance, we no longer do much manufacturing in-house, just for some OTC products and some packaging. While a large portion of our manufacturing is still done in Canada because we believe in Canadian quality, with the price pressures being placed on us, we have had to outsource some manufacturing to lower-cost countries.

Partly as a result of these cost pressures, another trend within the Canadian generics industry has been significant consolidation. What challenges or opportunities does this present for JAMP Pharma?

Consolidation is always an opportunity for companies like us. One of our strengths is that as a smaller company, we are very agile, flexible and able to make very quick decisions. When companies grow too big, their reaction time slows, which is a weakness.

As a result of the consolidation, many generics giants like Actavis and Cobalt Pharmaceuticals have disappeared, which brings opportunities to a mid-sized player like us. Customers need to have a decent number of partners with whom to conduct business. It is always dangerous for them to put too many eggs in one basket.

We are also highly focused on the Canadian market. Many of the large generics companies are global so their decisions may not be tailored for the Canadian market, which makes a difference.

As for JAMP Pharma, I own the majority of the company so I am in full control. I have no plans to sell this company; I am in in for the long haul! I want my kids to take over JAMP Pharma in a few decades.

Last year, I secured a significant investment from Fonds de Solidarité (FTQ), which is a USD 13 billion fund, so it is a strong financial partner. Financially, we are in an extremely robust position, with a lot of money to invest in both development of niche, complex products, in-house and through in-licensing agreements, as well as international expansion.

While acquisitions are always something we look out for, these decisions need to be taken at the right time and price. Some larger players have made mistakes in purchasing other generics companies at any price just to please their shareholders. As a private company, we will pursue this option more opportunistically.

Coming to your product portfolio, what are the current growth drivers for JAMP Pharma?

Our fundamental goal is to make a difference for our customers. We do this mainly by launching new and innovative generics products where there is significant market need. In terms of our portfolio, we are present in all areas, obviously oral solid doses like everyone else, but we focus a lot on injectables, dermatology as well as respiratory products like inhalers. Our revenues are quite diversified; we do not have one or two blockbusters.

In terms of new products, we are focused on complex products. Health Canada has very high clinical requirements for a number of products, where they may require clinical studies involving hundreds and hundreds of patients. The associated risks of launching such products are very high because if you invest in a product and it fails the clinical trial, then you have lost that investment. But we are ready to invest and take risks where others are not. This is where we differentiate ourselves.

Innovation is perhaps a concept that people do not always associate with the generics industry but we operate in a very patented market. Even when a patent on the active ingredient expires, there are always additional patents surrounding the manufacturing process and so on. We have to be innovative in the way we develop products to ensure we do not infringe these other patents.

Innovation could mean many things: commercialization, development and even business partnerships with different entities around the world.

Speaking of international partnerships, what is JAMP Pharma's internationalization strategy?

Canadian products are extremely well-perceived in many areas in the world, especially in the Middle East. As the largest pharma market in the world, the US is obviously also a hugely attractive market, especially with the US border being only 40 minutes from Montreal. There are some good opportunities in Europe as well. This is the focus for JAMP Pharma for the next five years.

For current and potential partners, within and outside of Canada, I think JAMP Pharma is a great partner of choice because we have an extremely successful track record. Historically, we have always negotiated win-win deals. Our mentality has always been that a deal will not last if it is not good for both parties. We always make sure that our partners are pleased with the outcomes.

On a softer note, how would you define JAMP Pharma's company culture?

As a company, we are light and agile, so decision-making is very fast. We are also very dynamic – everything works with a sense of urgency. People will never get bored in this company. The office facility we have here is new as well and we focused a lot on maintaining a decent quality of life and work environment for our employees. We also ensure we provide employees with ample growth opportunities to challenge them to improve themselves.

The Canadian generics industry has been declining in size for a while yet while many companies are downsizing, we have been growing at a very fast pace. That is also very motivating for our employees.

On a final note, do you have any advice to aspiring pharma entrepreneurs?

I have always been in the pharma business, starting as a sales rep for Bayer right out of university. I personally think it is the best industry to be in. We make an important contribution to the health of the people, firstly, and the Canadian market is also a big and growing one, what with the aging of the population.

When you look at this market from the outside, it is a market that is controlled by very large players. The pharma industry is a very complex business dominated by very large players, so for outsiders looking in, it could appear scary. But the reality is that when you actually analyze the landscape, many big players have lost their agility. My advice would be, do not be afraid to jump! If you have the right formula and thinking, there will always be opportunities for you. Just go for it!

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