Interview: Jean-François Gouzer – CEO, Scientis Pharma, Switzerland

"Switzerland is a great environment to do business and to create and develop a business in healthcare."

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Jean-François Gouzer, CEO of Scientis Pharma, discusses the company's origin story, its specialization in skin pigmentation disorders, and future internationalization prospects

Could you start by introducing the Scientis Pharma story and how the company was founded?

Scientis Pharma was founded in 2010 by Behrooz Kasraee, a pigment cell researcher and dermatologist who heads the Cornavin Dermatology Center and the Swiss Vitiligo Center.

Skin pigmentation disorders affect about 30% of the population and can be categorised in two dimensions. The first one is skin hyperpigmention concerns. Melasma (also called chloasma and mask of pregnancy), post-inflamatory hyperpigmentations, lentigos (known as liver spots), and freckles are among the most frequent pigmentary conditions of human skin. Our lead compound, cysteamine, is a novel biological depigmenting agent for hyperpigmentation concerns. Naturally present in human cells, cysteamine reduces melanin in the skin epidermis. For the first time, cysteamine is applied in a topical depigmenting treatment: Cysteamine Cream®. More effective than hydroquinone, Cysteamine Cream® effectively removes brown spots, treats pigmented marks and produces a uniform and light skin complexion.

The second is skin hypopigmentation concerns. Vitiligo is a severely impacting disorder which is not being treated. The mechanisms behind this disease are not well identified. We want as a

second step to move into that space. There are different lead compounds and proceeding that we would like to develop to address vitiligo.

Our mission is to address both the hyperpigmentation disorders as well as the hypopigmentation disorders.

Tell us a little about the competitive landscape. I’m aware for example that your star products are quite different from the products that are out there at the moment which have a lot of harsh side effects.

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The market is clearly hugely competitive with a number of generic compounds offering either efficacy or safety. Hydroquinone, the gold standard as it is the most effective, has been shunned since 1996 by the WHO and other regulatory authorities. It is now banned in Japan and in Europe as it is cytotoxic, mutagenic and carcinogenic. Then, there are other options that are safer but less effective. Some of them will for example help to reduce the synthesis of new melanin, others will just camouflage the disease. Some will just remove the top layer of the epidermis, and yet others will degrade the melanin in those layers. Typically, the safest and most effective treatments available today are combinations with vitamin C which will reduce the melanin in the upper part of the epidermis, but it does not help it come back.

However no new ingredients have proven to be safe and effective for the last few years.

What about laser?

Laser is effective for removing or degrading the existing melanin in the upper part of the epidermis, just like vitamin C. It is very effective for lentigo, but is not effective for melasma and post-inflammatory hyperpigmentation because the laser will induce more inflammations, hence more melanin synthesis.

If we look at your star product, cysteamine, in what ways is it different?

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It is a compound that is biogenic, meaning that it is naturally present in mammal tissues, so it is present in human cells, including the skin cells, where it naturally reduces the melanin pigmentation. It is also present in different tissues in the human being and is most significantly present in human breast milk. It is known to be an antioxidant of human breastmilk. It works in this way on the skin face, regulating and reducing the existing melanin on the skin. The reason why it is

a very good compound for us is that it has proven to be very effective. We have led number of in vitro studies and clinical trials, showing its effectiveness. We are now conducting three others, which will establish its benefits and high efficacy versus the hydroquinone-based Kligman's formula.

If we take stock of the development of this product, what have been the main milestones so far, and what are the remaining challenges in bringing this product to market?

The compound is registered on the International Nomenclature for Cosmetic Ingredients (INCI) list, and is now available for the US and European markets as a cosmetic product. Clearly, we want to position it as being efficacious and endorsed by the medical community. But what matters most to the community or why it could replace other alternatives, is that it is non-cytotoxic, non-mutagenic and non-carcinogenic, and it has a much better benefit-to-risk ratio compared to all other treatments. These are clear drivers for the product.

The first product that was used to do all our trials was Cysteamine Cream. We are taking this product into a new form which should better meet the needs of the different markets. We are starting with a package that will improve the consumer experience and as a second step, we will add other elements that will help boost the initial phase. Hydroquinone and Cysteamine take some time to work, and we need to have some boosting effects at start. We also have a number of compounds in development. One in particular is a new molecule that is for now, more effective in-vitro. These are our next generation products.

Tell us about the route to positioning the product. You have pursued the regulatory route of getting it on the market as a cosmetic, and now you are trying to get it endorsed by the medical community. What challenges do you face in this regard?

Dermato-cosmetic researches have moved away from the pharmaceutical regulatory because there are lots of safe and effective compounds that exist in the current lists of approved products. These types of compounds, such as Cysteamine, are very safe. Cysteamine is an FDA-regulated product for cystinosis. It has a very good safety profile and is known as non-cytotoxic, non-mutagenic and non-carcinogenic. It was even reported by FDA sponsored study as being radioprotectant, anti-mutagenic, anti-tumor, anti-metastatic. So you have these types of compounds that are in the cosmetic list that works to the advantage of the healthcare community.

You mention that there hasn't been a lot of innovation in this area. Why do you think that is?

Hydroquinone was a very effective product until it was shown to be carcinogenic. It was at that time a very good compound to use and there was not really a need for new products. Now that many countries are taking actions against hydroquinone.

After the hydroquinone ban, several products have been developed and put on the market for the treatment of hyperpigmentation. These products contain depigmenting agents such as kojic acid, azelaic acid, arbutin, glabridin, and more recently developed molecules, such as 4-butyl resorcinol or 4-ethyl-phenyl resorcinol. However, experience has shown that the majority of these molecules and fractional laser treatments are far less effective than hydroquinone as hyperpigmentation treatments.

This leaves health-authorities, clinicians and patients seeking for a true substitute.

How have you been financing Scientis Pharma's developments to date?

Scientis Pharma has been funded by the founders, a loan of the city of Geneva, and early product sales. This took us a long time and at this stage, we are therefore self-funded. We have distributors that have shown a very keen interest to distribute our products in Anglo-Saxon and European markets. We therefore have distributors that are going to pursue a business-development strategy for Cysteamine.

What sort of partnerships are you looking at in the future?

For our first-generation product, Cysteamine, the distributor approach is well suited and sufficient to access the market. But then, we may adopt a different strategy by going to market by ourselves. In which case we will required investors to support us through the R&D phase and commercialisation. We believe we will require an investment of approximately CHF 1 million for the first phase of R&D and around CHF 10 million for the go-to-market phase. We shall then expand to Middle Eastern and Asian markets adopt a digital approach to reach consumers and support them in their product experience and treatment routine.

Your target markets are today America and Europe, but what you are really aiming for in the future are these big Asian markets. Tell us a little about the different types of Asian markets and about the potential out there?

Japan and Korea are very competitive and locked markets. We plan to go for a distribution or strategic partnership approach with local players. Korea is a leading market in aesthetics. It would therefore be a great asset for us to get a strong partner in Korea, to further develop and fine-tune our product for Asian markets.

India and China are the biggest market potential. China is very interesting as it is structuring very fast and its digital commercialisation routes are exploding. They are now leading the world in terms of online shopping. The cosmetic world there is transforming towards fully digital markets. That is a route we are currently investigating. India is a different issue. There is a strong willingness for digitalisation, but the physical routes to get the product today are not there yet. If you buy online, delivery is not reliable. Then there is the rest of Asia which is all very different. The Middle East is a nice high value market. It is not so big in terms of volume, but it is very well structured and organised. It may be one of our first entry points to the East.

What are the benefits that are accrued from being Swiss?

Switzerland is a great environment to do business and to create and develop a business in healthcare. The ecosystem is flourishing, all required capabilities are within reach and there is a very strong level of support from the different public organisations. Supporting to start-up businesses is great in terms of financial, legal, administrative, coaching and training perspectives.

We are supported by the Commission of Technology and Innovation (CTI) of the Swiss Confederation, incubated at Eclosion, Geneva's life-science incubator of the State of Geneva, and financed by FONDETEC of the city of Geneva. So we are deeply rooted in the local ecosystem.

'Swissness' values are being diluted. Swiss-made claims are over used, and often miss-used. This is particularly the case in the Asian whitening market where brands have long been selling alpine powder and flower power as solutions. Trust on efficacy claims is clearly affected. That being said, Asians highly value the luxury attribute associated with Swiss brands.

What do you see as the emerging trends in the dermocosmetics segment?

The first is the line between dermatology and cosmetics. It is getting thinner. Cosmetics are getting much more innovative and turning towards safe while effective ingredients. Clearly that's very beneficial for consumers. The second aspect is digitalisation. Consumers want diversity in their access to, and way to consume, treatments. Consultation and testing of treatments in a clinic is not enough, they want consultation and testing at home and on demand. We need to develop a more complete consumer experience.

When we come back in 5-6 years what will you have achieved?

We will have diversified from physiological aspects of hyperpigmentation to the social aspiration of skin lightening. And we will be set to offer solutions for hypopigmentation concerns.

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