Interview: Paulo Barradas Rebelo & Sérgio Simões, CEO & VP Business & Product Development, BluePharma, Portugal

18.02.2014

Tags: biotech, export, diversification, BluePharma

Portuguese pharmaceutical group Bluepharma consists of ten companies that represent different parts of the medicine value chain. The success of Bluepharma during Portugal's crisis was due to a strong focus on overseas exports and diversification of risk. Paulo Barradas and Sérgio Simões explain how they created that success.

Bluepharma started 12 years ago through the establishment of a development team, at a time when the economic model functioning in Portugal was not efficient and required focused saving of capital. Since then, what have been the main focus areas?

As a big part of Bluepharma's focus is on generics, the capital we use from generics has traditionally been invested in innovation. Today, an important part of the company's strategy concerns selling medicine abroad due to Portugal's small size. We are the only company in Portugal with FDA approval for solid forms. Our international team is of high standard, and Bluepharma develops and licenses medicines for over 100 clients spread across 40 countries worldwide in every region. Furthermore, Bluepharma actually represents a group of ten companies, all of which are focused on innovation and internationalization. Last year, we recruited 108 people, which is unusual given the downsizing of most pharmaceutical companies in Portugal today. We are also

investing heavily in individuals from nearby universities with good science skills, which combined with Bluepharma's strategy, market expertise and financial input, is the basis of the innovation-based start-up companies that are now part of the group.

How did Bluepharma react to the crisis in Portugal?

SS: Rather than react to the crisis, Bluepharma anticipated it. The company's commercial activities in retail were affected somewhat by troika measures and price reductions, but our strong focus on international business ensured the company's continuity and growth while most other pharmaceutical companies scrambled to adapt.

Bluepharma opened an affiliate in Mozambique last year. Where else will you focus internationally?

PB: Traditionally, our main strategy has been to sell medicines in very developed regions like Europe, Australia, and the US. Today, our brand Bluepharma Genericos is entirely in Portuguese, from boxes to leaflets. We have a presence in Angola and Mozambique, where our social responsibility and project development has flourished in more recent times. We supply these countries with medicines of low cost and very good quality, which they need.

SS: Angola and Mozambique represent our commitment beyond exports to a true internationalization strategy. These markets still need to mature; they have big potential but can be quite risky as well. It is not just about sales; rather, we meticulously prepare these territories in terms of education. We also carefully take into account what medicines to accept, the needs of the population, the standard of medicine quality, distribution channels, logistics, and regulatory affairs.

Where are you looking at developing your manufacturing site abroad?

SS: Latin America is definitely a possibility. The market itself is interesting, the region has highly qualified people, and countries like Brazil, Colombia, Chile or Peru have excellent universities.

What is the importance of R&D to the country's operations?

PB: We built our own research center here ten years ago. Fifty very qualified people are currently employed there. Innovation is the future of Bluepharma.

How are you positioning Bluepharma as the partner of choice for contract manufacturing in Portugal today?

PB: This is extremely important. Being a contract manufacturer requires very good quality and strong competitiveness. We really know how to face the challenge of managing medicines with high standards of quality and low prices, and thus competition is minimal. Our extended network and reputation in contract manufacturing has provided Bluepharma with a positive image for our clients.

What is the selection process behind choosing companies with whom you can partner?

SS: Bluepharma looks for companies that are interested in licensing the product we develop rather

than companies that simply want to manufacture with us. The majority of the medicines we develop are generics, but we start development almost a decade before patent expiry. This allows us to go abroad with a development package and associated documentation and license out our products to interested companies who then manufacture from our facilities once they receive the appropriate approval.

Bluepharma also actively attends pharmaceutical fairs and exhibitions, such as CPHI, and often punches above its weight at such meetings. At last year's CPHI, Bluepharma had 126 one-to-one meetings and acquired more than 400 contacts over 80 territories. By positioning ourselves as a company with development and regulatory skills, manufacturing capacity, state-of-the-art technology as well as the ability to conduct our own clinical trials, Bluepharma can attract substantial business.

Has the diversification of your business served well during a time of crisis?

PB: Indeed, it is difficult to understand why a small company would do this, but it is our strategy to compete with the bigger players. Because Bluepharma is comprised of ten companies, it allows us to maximize our expertise in all aspects of the medicine chain. For example, one of our companies does pure research; another is developing a specific molecule, while another does clinical trials, thus diversifying risk.

In terms of your innovative pillar, how are you positioning Bluepharma?

SS: With the expertise and capital Bluepharma has gained in recent years, we seeded some money in more innovative and disruptive activities by ourselves. We started with PhD programs in-house in collaboration with nearby universities. This training created employees with the scientific know-how combined with Bluepharma's company culture, which allowed them to turn knowledge into a product. We have also successfully attracted scientists and researchers from universities as partners in new projects, which transitions from an idea to a patent to proof-of-concept to the inception of a company partnered with Bluepharma. We help science-based people move into the business world and also help with funding through European grants and venture capitalists. With this model we attracted substantial amounts of money for many projects, all of which are now companies. We believe this will transform Bluepharma into a new, innovative company by 2015. That is how a small company in a small country can gain expertise, reputation and access to difficult markets.

To bring this innovative positioning to fruition, Bluepharma is vying for a disruptive, first-in-class compound that other companies would find attractive to out-license, since we still do not have the scale to perform global Phase III trials on our own. We also have to be very devoted to incremental innovation in terms of technology development to generate market exclusivity and resources that could fund riskier projects.

Is Bluepharma paving the way for the future in creating the "new pharma model"?

SS: I believe so. However, companies would act similarly not out of inspiration from us but out of necessity. Between personalized medicine ending the blockbuster model and trend of outsourcing as much as possible, the big focus for pharmaceutical companies is marketing. Consequently, companies like Bluepharma can play a major role and take advantage of their flexibility to successfully market products worldwide.

The company has won numerous awards, often focused on entrepreneurship. What is the entrepreneurial spirit of Bluepharma?

PB: The beginning of Bluepharma is similar to that of other pharmaceutical companies. We started in a pharmacy in Coimbra, and I am a pharmacist by background. Twelve years ago, we realized that buying Bayer's plant in Coimbra would offer an incredible opportunity, which we seized. Pharmacists are very entrepreneurial and the field is good for entrepreneurship.

What will be the biggest priorities for you in the coming years?

PB: One priority is to improve our capacity and to have a manufacturing site abroad. The other is to have an innovative product. We have been investing heavily to have such a product, as we want to be an international and innovative company.

What is your personal outlook for the future?

PB: We live in an opportunity-based world nowadays. We simply need to anticipate them, which combined with good values and a hard-earned reputation, has been the backbone of our success. Where we have good values, success will follow.

SS: I believe there is great hope for the future of Europe. This continent was the center of the pharmaceutical world in the 1990s, but over the last ten years, many manufacturers and even research companies left for more emerging, competitive markets. The European community has invested so much in recent times in being the continent of knowledge, but we are not so good at turning that knowledge into jobs. We need to do that now, or we may lose a golden opportunity, particularly given the state of the European economy. This industry requires expertise and intelligence, not just quantity. This can be Europe's competitive advantage, because the complexity of logistics, the development, and creating the availability of medicines to different clusters of patients is tough. The next decade could be Europe's renaissance, and it is imperative that EU decision-makers be more flexible and agile to make this happen.

To read more interviews and articles on Portugal, and to download the latest free report on the country, click here.

See more interviews