Jaques Chevallet – CEO, Arkopharma, France



Patient needs are evolving and natural medicine is the medicine of tomorrow

15.03.2019

Tags: France, Natural Medicine, Arkopharma, Phytotherapy

Jaques Chevallet, CEO of Arkopharma, a European leader in herbal medicines and dietary supplements, discusses the company's development over recent years while sharing his assessment on the current condition of the natural health product market and the role it can play as a partner to preventative care and healthcare sustainability.

Please begin by introducing yourself and Arkopharma.

Arkopharma was founded in 1980 by Dr Max Rombi, a veterinary doctor. From the beginning, he has had a clear idea of what kind of innovation he could bring to the herbal medicines market. The idea was to keep all the active efficacy of the native plant, and rather than extraction, use all the active parts of the plant in one easy to take capsule. That was the beginning of our tailormade phytotherapy range which has one plant in each dosage. Compared to all others we avoid using plant extracts and instead use cryogenic grinding to preserve the natural active ingredients found in plants – a revolutionary innovation.

We believe it is crucial to keep the rich fullness of nature in our products. Today we are fully aligned with our customers' needs and bringing natural solutions which are both potent and easy to take.

The second vision we have in Arkopharma is to deliver quality and efficacy while increasing the recognition of herbal drugs and natural products in France and Europe. As one of the first movers in

this sector and the first player in France, we now have 35 market authorizations for herbal drugs. In fact, we are a fully recognized pharmaceutical company, certified by the National Agency for the Safety of Medicines and Health Products (ANSM).

Moving forward, we have developed a full range of food supplements and OTC herbal drugs. Here, we have a single indication with an optimized formula to provide efficacy. Another major milestone was to truly become an entirely natural company and use vegetable sourced capsules in our products. We also created the MyPhytoPartner application to work alongside our customers and guide them on what is the best product combination for their health condition and the benefits they want to achieve.

What implications has the acquisition of Arkopharma by the private equity firm, Montagu, in 2014 had on the organization?

At the time, the company was 35 years old and had been under the leadership of its creator since the beginning. As you can imagine, this was a huge change for the people working within the company, but our team is very loyal and many people have stayed for over 30 years.

Nevertheless, this shift in management was a strong opportunity for the company. When I joined Arkopharma in 2015, my track for success was to combine the spirit of a family-based company with the rational and professionalism that can be brought by a private equity firm. Today, the company is prepared for the future to be competitive, profitable, and innovative. On the other hand, consumers want a company with a soul and values, and we have made sure to keep this spirit within Arkopharma.

We are still in the transformational phase of the company, but I am proud to say we have improved the performance of the company while keeping its original virtues and the experience of its people.

What are the current priorities of Arkopharma during this transitional phase?

Our first step is to refocus on the strategy of the company. We have made clear our dedication to natural health. We want to position natural health products as the medicines of the future through a gradual step-by-step approach. We are convinced that natural products, in unison with positive lifestyle nutritional behaviours, can be the first line of health before taking chemical drugs for many ailments.

We do not compete with chemical drugs, we are complimentary. However, natural products can be very effective, and when they fail, patients can escalate to chemical products. For example, standard pain management begins with no treatment, just behaviour changes. If these changes, paired with natural products, do not work, physicians will move to other treatment options. We aim to give patients the opportunity to improve their conditions by offering a holistic approach before the last resort of chemical intervention, allowing them to build their own treatment and prevention regimens.

Compared to other European countries like Italy where the health product market is valued at EUR 3.8 (USD 4.3) billion, France falls behind at only EUR 1.8 (USD 2.05) billion. What is the cause of this gap in the market?

In France, the price of natural health products is lower making the market smaller by value. Furthermore, in markets like Italy, the probiotic area, which falls into the natural health sector, is much more developed than here thanks to better support from the Italian Government and Administration. Despite the low cost of health products, in France patients are not accustomed to paying for their health out of pocket as natural health products are not reimbursed under Social Security.

Some other European countries are keener on taking a natural approach to the health – making one of the key disparities simply a cultural difference. Outside of France, especially in the US for example, the preventative health trend is growing exponentially. Patients are taking action to monitor their health and take care of themselves even before they have any symptoms of illness. Due to the nature of the French healthcare system which covers health costs entirely, this foresight of self-responsible prevention is still underdeveloped in the country’s patient mindset. In the long-term, this mentality of treatment at the point of illness can place a heavy burden on the sustainability of France’s health system.

How would you assess the Macron administration’s stance vis à vis phytotherapies and how well are they received in France?

From my point of view, especially in the context of the Ma Santé (My Health) 2022 plan, the government as before is still very focused on current health dynamics and how to organize the health system and finance it by improving hospitals and the management of health. Until now, they

may not have had a vision of what should be the health of tomorrow. Prevention, wellness, and integrative care are not among the big topics being discussed by the administrative health stakeholders as I believe it should be.

Natural products have very little side effects which allow for the use of natural health product in the early phases of diseases. Today, we see a lack of promotion for step by step treatments. Many consumers in France are looking for effective health alternatives which is something the government and some health professionals are not considering enough. For example, fewer people want to take statin drugs to treat their cardiovascular conditions and are opting to take natural medicines which work for them. There is absolutely and unjustified stigma against the effectiveness and safety of natural products and herbal drugs. In Arkopharma, we trackside effects – occurring in two per one million patients – we have 80 quality management personnel and 75 R&D professionals ensuring we provide a safe product that people want to take. We also conduct clinical studies to show data and prove the efficacy of Arkopharma products. In cases where doctors prescribed herbal drugs to treat cholesterol, these products have shown concrete results in reducing the level of cholesterol in patients. Prohibiting those products will lead the patient to have hypercholesterolemia without control.

How do you create the dialogue within the health community to portray the value that natural product can bring to patients?

As a pharmaceutical company, the changes made in Arkopharma have been to invest heavily in our production and R&D capabilities to ensure that the products we formulate of the highest quality and are safe for consumers. Unfortunately, there are companies that exist, especially online, within or outside Europe borders, which are not producing quality products. Arkopharma’s mission is to promote our industry in a positive light.

Next, we sell our product in pharmacies and meet with doctors to educate them and explain how their patient could benefit from natural health products. Many patients want natural products as part of their treatment basket but physicians do not always include this in treatment regimens.

We need to start by changing the behaviour of doctors. Some physicians consider the prescription as an economic activity for the purpose of reimbursement – this is a mistake. Healthcare professionals should prescribe not only products which are reimbursed but anything which is good for health. Physicians are more than just the delivery platform of drugs, they should define all different kinds of health practices for their patients, such as what to eat and how much to exercise.

We are in a mutational phase of what healthcare really means. We are breaking down barriers, and overall, more and more physicians we meet are open to the idea of the value herbal products can bring. For example, we often discuss the benefits that these products can bring to patients as a complement to cancer treatment. As the treatment is very hard on the body, natural products can be used before and after treatment to improve recovery and rebuild the immune system.

What is Arkopharma's current international footprint and future expansion strategy?

Arkopharma exports roughly 48 percent of our production, mainly in Europe as we are still considered a very European company. About five to seven percent of our production goes outside of Europe which makes our strategy very clear. Despite being the European leaders, we want to continue our growth in the region.

Overseas, our priority markets are in Asia and specifically China. The US natural health product market is quite mature and competitive so this is not in our scope for the moment. The growth of the Chinese market is much bigger and the profile of a French company is more attractive for patients in China than in the US. This market values the quality of ingredients in natural products, so as a European company with rigorous quality control and ingredient-source tracking, we feel that there is plenty of space for a company like Arkopharma. Furthermore, we will be able to capitalize on the French image of beauty, quality, and luxury for our range of products.

What are your strategic priorities for Arkopharma as a pioneer in the natural health product sector for the upcoming five years?

Our priority is first and foremost around innovation. We believe that there is more opportunity to bring new products to the market that will help patients feel and live better. Within the natural product industry, we bring something safer, more natural, and without preservatives. When we first launched our line of natural vitamins two years ago, people asked why they should take these products. We had to prove that the products were effective and natural – we through cases studies and trails we accomplished this. We are aiming to convince the medical community that they should include our product in their healthcare approach. Patient needs are evolving and natural medicine is the medicine of tomorrow.

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