Eric Placet – CEO, CREAPHARM GROUP, France

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CREAPHARM is a French company managing clinical supplies and providing CMO and distribution services for pharmaceuticals and cosmetics. Its CEO, Eric Placet, explains how he has reorganized the company to create synergies between the different business lines and breaks down the massive investments the company has made over the last three years to reach its ambitious growth target. Among other things, he also discusses how the company has prepared to survive the European serialization law, the regulatory trends in France, and his strategy for the US market and globally.

The last time we met three years ago, you were in the process of integrating all your businesses under one single umbrella organization. How successful has this integration been?

In a short period of time, Sodia, the original company, acquired three companies operating in different business areas: Stradis in 2007 which specializes in packaging of pharmaceuticals and food supplements, Onyligne in 2009 focused on cosmetic contract manufacturing and CreaPharm in 2013, a specialist in clinical supplies. Consequently, similar activities were done on different sites. Packaging of pharmaceuticals were done on two different sites, and our clinical products were manufactured on three different sites. Moreover, the four different brands were creating confusion among our customers. For instance, some customers believed Sodia and CREAPHARM to be different entities and were sending tender offer files to both. As a result, three years ago, we

took a step back to define and rationalize our core businesses. We decided to centralize our operations under a single organization, CREAPHARM GROUP, divided into four business units: CREAPHARM Clinical Supply, CREAPHARM Industry and CREAPHARM Cosmetics.

Regarding our pharmaceutical operations, we mainly package pharmaceuticals in solid form. We also provide packaging design services in order to create packages that are industrialisable, compliant with regulations and convenient to patients.

Regarding our cosmetics business, we have completely renewed our operations by strongly developing our laboratory for formulation, developing and replacing all of our machinery. Our main technological expertise lies in hot filling for lipstick production, as well as sunscreen production.

Rationalizing our operations has allowed us to leverage synergies between our three core businesses.

Three years ago, your growth objective was to double your revenues from EUR 20 million to EUR 40 million by 2020/1. How close are you to achieving this goal?

In the last three years, we have experienced strong organic growth and in 2018 we generated EUR 30 million in revenues. We are close to achieving our target. The main growth driver has been the CLINICAL SUPPLIES business unit that has almost doubled in size and now represents about half of total turnover. The rest is equally split between the INDUSTRY and COSMETICS business units.

Biopharmaceutical companies are looking for “total service providers” able to provide services across the value chain, from clinical development to marketed product packaging and distribution. How is CREAPHARM GROUP positioned to assist them?

At this moment, CREAPHARM GROUP is able to provide biotech firms with a total service from clinical stages to marketed product packaging and distribution. However, given that most of the time, to each biopharmaceutical corresponds a specific bioprocess, manufacturing and primary packaging are in the hands of different Fill & Finish specialists. Nevertheless, CREAPHARM handles primary packaging of biologicals in tablet/capsule forms. In this field, in order to be able to store and handle highly-potent drugs, we are constructing a clean room and investing in specialized equipment. Once the infrastructure is in place, we will be able to further assist companies working in therapeutic areas such as oncology for instance (cytotoxic drugs), during clinical development

and, if the product is approved, provide packaging and distribution services in France and abroad. Biotech companies need a partner they can trust to handle the logistical chain flawlessly as they do not possess this capability. The key success factor to answer their needs is reactivity and, as a mid-size business, we have the flexibility to work with them efficiently.

What are the main regulatory trends you observe in France?

In France, the gap between Cosmetic or Medical Device and Pharmaceutical regulations is getting tight. With all our plants GMP certified, for either pharmaceuticals or cosmetics, CREAPHARM is ready to face the strengthening regulation. Our 10 QA and Regulatory Affairs pharmacists are committed to the respect of the different quality standards on a daily basis.

In recent years, the new GMP Annex 16 has reinforced the pharmaceutical responsibility of the Qualified Person. We provide our customers with pharmaceutical certification (QP Release) even for biotech products, high-valuable service for our customers. We have hired staff qualified to deal with biologicals. These non-pharmaceutical companies need to trust a pharmaceutical establishment. We constantly make our pharmaceutical authorizations evolve according to the market needs.

The regulatory framework has also an impact on our customers: a new decree imposes the addition of a pictogram or information to be printed on a health product for instance. It’s at that point that CREAPHARM INDUSTRY brings a solution to such a regulatory compliance issue. Products are going to be reprocessed or possibly repackaged.

In which areas does CREAPHARM try to innovate?

We mainly focus on improving processes, for instance, to enhance traceability of operations, by developing our own innovative solutions or integrating solutions from service providers.

The GS1 barcode standard has been used to trace pharmaceuticals for many years. In 2016, CREAPHARM started using this standard for internal traceability. Due to our expertise in traceability, CREAPHARM was asked to participate in a task force with the goal to establish a standard to trace experimental products. Last week, it was announced at the GS1 Congress the GS1 barcode standard will be used for experimental products as well.

Speaking of traceability, the EU introduced the Falsified Medicines Directive to combat the counterfeiting of drugs requiring companies to make significant investments to comply with the serialization scheme. The heads of CDMOs we have interviewed have told us that while some will survive these investments, others will disappear. How has CREAPHARM prepared for this legislation?

We started implementing changes two years ago. We invested in new serialization equipment one year ago and are now able to perform in-line and off-line serialization. If our clients wish to serialize products that they outsource to us, we can perform in-line serialization. If our clients are not equipped and neither are their subcontractors, they can send us the finished products to serialize. As a result, CREAPHARM has built unique capabilities that are attracting pharmaceutical companies. Some have stopped outsourcing packaging to their previous partner and started outsourcing to us.

How has your international presence evolved over the last few years?

Two years ago, we started building a subsidiary in Atlanta as it is one of the major logistics hubs in the world. The Hartsfield-Jackson Atlanta International Airport is the largest airport in the world with more than 100,000 travellers per year. The headquarters of UPS are located there. Moreover, due to its booming economy, Atlanta attracts qualified people making it easier to hire local talents.

We have built a 1,200 square meters warehouse equipped with 1,600 cubic meters of cold storage. The facilities have been running since April of last year. After one year of activity, we have found so much success that we had to extend the facilities. We increased the surface area by 50 percent. We first started with the distribution of experimental products and have just opened secondary packaging lines for experimental drugs. The idea behind opening a subsidiary in Atlanta was not only to distribute investigational products to the US and Canadian sites but also to help local biotech and pharmaceutical companies to handle their clinical trials around the world. The US companies we have met have been impressed by our ability to implement tailor-made solutions quickly. The next step is to strengthen our sales capabilities in the US.

In other parts of the world, which includes 40 different countries, we work through partner depots. We have built this extensive partnership network thanks to Actelion and can propose solutions in all the countries where companies are conducting clinical trials. We have shown our ability to adapt to our customer’s needs all over the world. In Taiwan for instance, a company asked us to provide secondary packaging services. However, our Taiwanese partner was only a distributor. So,

CREAPHARM implemented its packaging solutions and trained the staff to make it possible. As our customer revealed to us, larger competitors were unable to answer his need because they could not provide them with local clinical packaging.

We only briefly mentioned CREAPHARM’s cosmetics business. One of the major trends in the market is the increasing demand for natural and organic products. How is CREAPHARM positioned to ride this wave?

CREAPHARM has been a pioneer in natural and organic cosmetics. Our manufacturing site has been certified by the European COSMetic Organic Standard (COSMOS) for more than ten years, before the demand for organic products exploded. We propose formulations with a high percentage of natural ingredients and minimalist formulations to our customers.

What are the main milestones you would you like to achieve in the next few years?

We are currently undergoing significant extension works on all of our sites to prepare for the next stage of growth and reach our goal of USD 40 million in revenues by 2021. Moreover, as mentioned, we are investing in capabilities to be able to handle drugs with hormonal and cytotoxic agents, which very few CMOs can handle. We also have the ambition to fully embrace the 3.0 digital revolution to further streamline our operations.

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