Jan G Smith – CEO & Chairman, ABIGO Medical, Sweden



From my experience in large multinational companies, I have acquired a strong aversion to internal politics. I much prefer mid-size companies, where it is possible to have a different mentality

09.08.2019

Tags: Sweden, Pharma, Medtech, ABIGO, AMR, Manufacturing

Founded in 1989 by brothers Jan G and Leif Smith, ABIGO Medical is a successful private Swedish pharmaceutical and medical technology company with a focus on bacterial and infection control in the fight against antibiotic resistance. Jan G Smith, chairman and CEO, explains his unique approach to business, the steps for successful internationalization for SMEs and the advantages of manufacturing in Sweden.

ABIGO Medical is celebrating its 30-year anniversary this year. What is the secret behind this longevity?

Thirty years ago, when my brother and I founded ABIGO Medical, we were told that it was not possible to start a new successful pharmaceutical and medical technology company in Sweden. Since then, we have proved naysayers wrong. Today, we are a 170-people strong international company, with integrated R&D, manufacturing, marketing and sales, distributing products in about 70 countries and growing on average 15 percent annually. With a focus on bacterial and infection control in the fight against antibiotic resistance, ABIGO Medical is the only company that manufactures advanced wound healing products in Sweden. We are also a research-intensive company conducting our own self-financed R&D operations.

The success of the company rests on three key pillars. Firstly, we have kept our independence which allows us to adopt and follow a long-term strategy. I am strongly averse to the short-term,

quarterly thinking which comes from having external investors. Instead, my brother and I remain the full owners of the company, and profits are consistently reinvested to finance commercial and manufacturing expansion. As a result, we have a solid balance sheet rated triple A. Secondly, ABIGO has a highly competent and educated staff, including two associate professors, with extensive experience in large pharmaceutical and medical technology companies. Last but not least, we foster an entrepreneurial spirit and an open working culture. For instance, we have an open-door policy: all doors, including mine, are always open. I am not more important than everybody else. I do not consider myself an “executive”. I am just part of a team. From my experience in large multinational companies, I have acquired a strong aversion to internal politics. I much prefer mid-size companies, where it is possible to have a different mentality. Moreover, whereas in big companies you can rely on the support from other departments, in SMEs you are completely exposed and must demonstrate your competence. When we recruit people from large companies, I personally want to interview them to make sure they do not have a corporate mindset. I have personally seen SMEs fail after recruiting managers from big companies. As a result of this amazing culture, people enjoy working for our company and are highly motivated which makes us unstoppable.

What advice would you give to young Swedish entrepreneurs looking to start their own pharmaceutical company?

Promoting Swedish entrepreneurship in life sciences is something I have been deeply involved in. I was one of the founders of the Sahlgrenska Science Park and the chairman for the first 13 years. The Sahlgrenska Science Park is an initiative by Region Västra Götaland, Business Region Gothenburg, the University of Gothenburg, Chalmers University of Technology and the City of Mölndal. It aims to strengthen the life science industry in western Sweden by offering expertise and experience on a commercial basis, together with a large network in the business community and other life science stakeholders. The idea is for companies with great inventions to be able to reach commercial success. Too often great ideas fail to make the leap into the real world. They need advice from entrepreneurs who have done it themselves before, and not from business consultants with no hands-on experience.

When it comes to the development model, I think each company must find its own identity. One suit does not fit everyone, and you have to adapt to circumstances. But innovation should be the basis. I like innovative products with a strong IP and trademark, not me-too products.

A key part of your success lies in aggressive internationalization of niche products for preventing and treating infection. What would you say are the dos and don’ts when going abroad?

First of all, before going abroad, I think it is important to establish a strong position in your home market. Since Sweden is a highly sophisticated healthcare market, if you do well here, the chances are high that you will succeed in other countries as well. This has proven to be true. For instance, today, our advanced wound care product Sorbact®, is sold and used in approximately 70 countries, holds the number one position in Germany and is used in all French university hospitals.

In the Nordic countries, we market our portfolio through our own affiliates, while in other countries we work with distributors. I think a common mistake companies make is to think that finding a distributor is the end goal when it is only the beginning. You have to supply them with the ammunition, train them and incentivize them through both the carrot and the stick. At ABIGO, our business developers travel around the world to meet distributors and conduct product assistance programs. We also organize a yearly distributor meeting. Moreover, we promote our brand and products in various countries where we operate through exhibitions and collaboration with wound care associations.

I also think it is a mistake to license the product to large companies because they tend to favour internally developed products over externally developed ones, also known as the “not invented here syndrome”. As a result, the product will be sidelined. For a mid-sized company, the ideal is to combine a strong portfolio of innovative products, a competent marketing organization and a reliable network of trusted distributors.

In May 2018, you acquired the Swedish company Amellnova for its bestseller product Otinova, a treatment of inflammation of the ear canal (external otitis). What has been the impact of this landmark deal for ABIGO?

Until now, the treatment of external otitis has mainly consisted of prescription drugs containing steroids and antibiotics. Otinova, however, contains neither steroids nor antibiotics. It prevents and treats easily, efficiently and is non-prescription, to the great benefit of patients and the healthcare system.

Through this acquisition, we further strengthen our position in health and self-care with a focus on the fight against antibiotic resistance and products that both prevent and effectively treat infections. Since Otinova does not compete with our existing products, it is a great addition to our line of products, which makes us even more interesting on the global market. By leveraging our distribution network, we have seen strong growth from this product.

For a long time, ABIGO has been operating its own manufacturing facility in Askersund, Örebro County. What are the strengths of Sweden as a manufacturing location?

Firstly, we have an incredible team of highly competent and loyal people. Our factory is like a small community and people are proud of their work. The people are the most important factor when it comes to quality manufacturing. It makes no difference if a machine is located in Sweden or in China, it will have the same output. Manufacturing in Sweden makes us very competitive. As a matter of proof, after inspectors from the US FDA spent a week inspecting our facility, they did not voice a single objection and congratulated us for our excellent staff and processes. We also received outstanding audit reviews from Brazil’s Anvida, the Japanese PMDA and the Korean Ministry of Food and Drug Safety.

In 2016, the facility was expanded from 3,000 sqm to 5,000 sqm through an investment of SEK 30 million (about USD 3 million). We have just invested another SEK 18 million (about USD 1,8 million) in a new production line and bought the adjacent building of 7,500 sqm as we will need to enlarge again soon.

Having the manufacturing facility in Sweden also presents the advantage of being able to integrate R&D and production by piloting proof-of-concepts in-house.

I think when it comes to manufacturing, like in other areas in life, following the herd is a mistake. You should make your own strategy, regardless of what others are doing, and follow it. I remember a time when many companies delocalized manufacturing to countries where salaries were low, but today salaries are much higher, and companies have left.

Long-term thinking is clearly part of the DNA of ABIGO. Where do you hope to see ABIGO in the next five years?

We are now close to 500 million SEK in turnover and our ambition is to double this figure to reach one SEK billion at a reasonable time. The way to achieve this goal is to continue developing our

brand and products internationally while investing resources in R&D in order to stay relevant. We have very exciting ongoing research and I have no doubt that in five years' time ABIGO will have many more innovative products on the market covered by strong patents. In these research efforts, collaboration with universities and CROs is a key success factor. As a mid-sized company, we can compete even with large companies by being part of a cluster of innovative, well-educated people. While before we used to be out of their radar, today much larger companies in our field see us as a serious competitor, which is flattering in a way. We are here to stay and will continue to grow through innovation.

See more interviews