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Switzerland



We want to go from a business-to-business (B2B) model ... to a business-to-consumer (B2C) specialty pharma model by having our own sales organization in key European markets

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Luye Pharma is a China-headquartered fully integrated oncology and CNS specialist. Bruno Delie, general manager for Switzerland, discusses the organization's ambitious European expansion plan, looking to establish affiliates in the top five markets within the continent in order to introduce four or five new products from their pipeline in the next five years. Moreover, he explains how Luye developed its footprint in Europe after the acquisition of Acino's transdermal patch and implant business unit.

Can you begin by introducing Luye Pharma and your presence in Europe to our audience?

Luye Pharma is the pharmaceutical branch of the Luye Life Sciences Group, a privately-owned group with around USD 1.7 billion in sales. The group has two main business units: Luye Pharma and Luye Medical, the latter focusing on private clinics and hospital centres mainly in South East Asia.

Luye Pharma is a fully integrated pharma company with R&D, manufacturing, marketing and sales operations. The company, until six or seven years ago, focused exclusively on the Chinese market with limited activity in other countries in South East Asia. Around ten years ago, we decided to develop our footprint beyond the region, looking for other international markets, and decided to go

to the United States, where activities were set up in Princeton, New Jersey. After that, the company went to Europe, where we sped up the growth journey through the acquisition of the transdermal patch and implant business unit of Acino, including through partnerships, development pipeline and manufacturing. Because of that acquisition, we have our European headquarters in Basel and our development and manufacturing activities in Germany.

We are currently working with the 'pharmerging' countries, Latin America, the Middle East and South East Asia.

From Basel, our responsibility is to develop the operations for Europe, the Middle East and Africa (MENA). We began with the existing business acquired from Acino, and developed a pipeline of products later on, which are currently under development with the objective of bringing them to the market in the next five years.

The headquarters of Luye Pharma are in Hong Kong and the company has two strategic focus areas, oncology and central nervous system (CNS), particularly on schizophrenia, degenerations and bipolar disorder. We of course continue to have legacy products that are still marketed in China, also covering categories like cardiovascular and metabolism. Outside of China, our focus for the next five years is CNS and oncology will come later on.

With the potential of the China market, where things are run differently, why take the risk to come to Europe with the financial and regulatory hurdles it entails?

Europe is a fragmented market with 27 different countries, so market access differs greatly from one country to another. However, the continent made sense because we want to be a specialty pharma company, focusing on CNS and other niche areas. Looking back, the acquisition of the patch technology was the right one since the CNS products we are hoping to bring to the European markets are mainly based on long-acting injectable formulations that will release the product over weeks or months.

We want to go from a business-to-business (B2B) model, which the patch business uses to a certain extent, to a business-to-consumer (B2C) specialty pharma model by having our own sales organization in key European markets. We already opened an affiliate in the UK and expect to open affiliates, either from scratch or by acquisitions, in Germany, France, Italy, and Spain.

We are not looking for generic companies but rather organizations with branded products, ideally in the CNS space but we are also open to other opportunities.

What was Luye Pharma's approach when they first contacted you to take on this adventure?

I spent many years at Ethypharm, which also made the transition from B2B to B2C specialty pharma, focusing on pain management. Coincidentally, when Luye was looking for potential acquisitions in Europe, the first target was Ethypharm, where I was taking care of international markets, including China. I developed a good relationship with Luye and when they completed the Acino acquisition, I was asked to join to develop their European operation; it was a good opportunity because I knew the company and believed in the project.

What are the challenges that you need to overcome with the target of being considered a CNS specialty pharma company in five years? Is the relatively small profile of the company an issue?

Luye was not necessarily unknown; we already had plenty of connections and interactions with European companies. We are a top 10-15 Chinese company with the credibility to develop our activities. The challenge has been to acquire visibility through communications, the pipeline, and stakeholders.

We made huge improvements in that regard after we acquired AstraZeneca's Seroquel and Seroquel XR in 51 countries and regions in 2018, accelerating the creation of a global commercial network.

Nevertheless, we are aware that one of the challenges is conveying that we are not only a Chinese company anymore, but we are also an international company.

Has it been difficult to compete for talent in Basel with companies like Roche and Novartis?

When it comes to clinical work, it is difficult because we have to compete with Big Pharma and also with a booming biotech sector. I am confident that as soon as we consolidate our affiliates in other European markets, we will see an increase of interest from talent. As a matter of fact, we are about to launch our first product in Germany which will also open many doors for us.

Some of your strategic moves, such as having the European headquarters in Basel or choosing the UK as the country to establish the first affiliate, could be attributed to past decisions. What are the next moves that you will make with the five-year plan in the horizon?

While it is true that we decided to begin the expansion plan in the UK because it is one of the few European countries in which we market Seroquel, it also makes sense for our overall goal.

Now, our next moves have to do with opening the new affiliates in the top five European markets, and time is a limitation because our pipeline is advancing. We are looking for acquisitions, but if we are not able to do them in 2022, we will look at starting them from zero. We are also open to strategic partnerships, not only for individual products but for the entire pipeline. Fortunately, we have clear milestones and the support of an international network.

You mentioned that developing the pipeline will be key if the company is to succeed in the five European markets it is targeting. How is the pipeline progressing?

We are planning to launch four or five products over the next five years. The first product will be launched next year, and it will be marketed by partners because we are not yet ready to do it on our own. The EMA approval is expected to happen during the middle of this year and the launch next year.

We already have the partners to launch the product, but we will keep the rights to market it ourselves in the UK because we will have the infrastructure.

The following launches will most likely happen once per year which is why we need local organizations. Outside of the continent's top five markets, we are looking at Central Europe where we will work through partners.

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