Pharma CEO Interviews: Andrzej Sybicki, Founder and CEO, Novascon Pharmaceuticals, Poland

23.05.2014

Novascon Pharmaceuticals is the second fastest growing company in the OTC/dietary supplement market in Poland. Its founder shares the reasons behind this success, including his strategy to sell their main blockbuster product early in order to reinvest in the development of their portfolio.

Novascon has received a lot of media exposure recently, following the companyâ??s extraordinary performance since it was founded in 2007. Could you share with us the reasons behind this success?

Novascon Pharmaceuticals is one of the fastest growing companies in the Polish pharmacy market, specialized in the development and implementation of innovative dietary supplements and foods for specific medical purposes (FSMP). We decided to focus on these two areas as it was the fastest way to develop and bring products to the market. With broad clinical trial availability in Poland and the possibility to choose the best active ingredients, we were able to develop high quality products, and register them to sell them in pharmacies. As such we managed to have Bioluteina in the hands of our customers when we started the business in 2007. Since its inception, the company has combined innovative technology with the highest quality, thus realizing the idea: â??health is the most important.â??

In 2012 Novascon received the prestigious award of Gazele Biznesu by taking the second place in the Mazowieckie voivodeship and coming twelfth in a national ranking of the fastest growing medium sized enterprises.

2013 also saw us in a high place in the Gazele Biznesu ranking, but at the same time it was a difficult year for the whole pharmacy market. Despite this, our company performed well, moving up in the sales rankings â?? we entered the Top 6 dietary supplements company ranking and the Top 34 broad OTC pharmacy market ranking. This was the result of an effective and collaborative effort of our team, which achieved record growth in sales.

Finally in 2014, we managed to sell some of our blockbusters like Sinulan Forte to Walmark supported in this transaction by its new shareholder, the private equity fund Mid Europa Partners.

Why did Novascon decide to sell such fast growing and high turnover products?

Selling our first blockbusters to another company gave us the necessary financial resources to invest in our portfolio and develop new blockbusters. This is the virtuous circle that has allowed us to grow the company so rapidly, and why in 2010 we sold two of our other fast growing products, Biotyk and Bioluteina. With these transactions we can better and more efficiently utilize our resources, which finally strengthen our company and allow us to address other strategic products.

Sinulan Forte alone, one of the top five dietary supplement products in Poland, represented PLN 15 million (USD 5 million) in turnover. This was a very efficient product but Walmark has the ability to bring it to an even higher position in the market. Sinulan Forte represents a real win-win situation for both sides and we are happy to share our success with other companies.

Last year Novascon recorded a 98.6 percent rise in sales (after a 771 percent turnover increase between 2009-2011) and was the second fastest growing OTC company in Poland. How would you explain such performance in such a challenging and competitive market?

Novascon has the unique ability to develop top-class products and we see ourselves as real inventors and trendsetters. The development of our portfolio, which today stands at 30 products, is among the best in the market, and we intend to maintain this rhythm. Besides the products with an already recognized market position such as Pneumolan, we also have potential with Detramax, Tonaxinum Forte, Insulan, Polomag, Normaflex and Strallergium, Thonsilan, Floractin, which we are developing this year.

The secret of our success is also in our innovation process. The profile of our company requires seeking the innovative, highly creative partners, which like Novascon, are not afraid of new solutions. We are open to the new! We are not afraid of challenges or markets where we were not present up to now. With its innovation and ideas, Novascon is able to create the surprise in every area it wishes to open.

As the founder I have a very clear mission and strategy for the company, but as any business this is not a one-man journey. This is the journey of our 80 employees working on a daily basis to help develop and promote our products. We have brilliant minds at Novascon and I appreciate when my colleagues share their ideas and be creative. Development in Novascon is permanent and we emphasize not only the peopleâ??s experience, but also on education and training to help them develop this creative thinking. The important thing at the end of the day is to find different solutions, product offerings and even customer services that other companies do not have. This is the only way we can create a competitive edge and keep growing at these incredible rates.

We are always looking at developing new niches that have high growth potential, but it is always the quality of our products that shows our customers that it is worth buying our products and not others.

We have seen many successful OTC companies developing in this last decade, some of small size like Nord Farm or larger size like Aflofarm. What these companies have in common with Novascon, besides their rapid growth, is their aggressive and efficient marketing strategy. Could you share with us Novasconâ??s marketing approach?

Aflofarm has shown impressive growth over the years and not only in OTC or dietary supplements, as they have managed good performance in Rx as well. We certainly look up to such companies and certainly their very large resources and aggressive marketing strategy have contributed to their success.

At Novascon we are aware of our limited resources but we believe that being aggressive in terms of marketing also gives us good growth possibilities. However we are always looking at new ways to reach customers and copying other success stories is not always the best option. We rely heavily on social media and the Internet to reach out to target groups and enable them to give us feedback so we can always improve our quality. This communication platform is more than necessary today and we will keep building our image through technology platforms. We believe the Internet can help us target much more our audience than television our radio.

Novascon was relying on contract manufacturing to outsource its production and packaging needs, but there were rumours of Novascon settling a new production facility at the end of 2013. Is this still part of your expansion plan?

This may be a plan for the future, but since we have been able to perform so well over the years without producing our own products, we believe we can maintain our current outsourcing strategy.

Novascon is already an exporter to Hungary, Lithuania, Latvia, Estonia, Albania and Cyprus. How much do exports represent for your business and in which other markets are you looking to expand?

Today our export revenues only represent a few percent of our revenues, but it allows us to test our products in different countries and see how this business evolves. I am convinced that in the medium term (three years) we will establish an affiliate, because this is the only option to really grow internationally and get our brand recognized. But for today all our efforts are concentrated on Poland.

What is your vision for the future of Novascon over the next five years?

Novascon is only celebrating itsseventh year in Poland, so a five-year perspective seems like a faraway future. We are always looking for new opportunities and although dietary supplements and FSMP have a great deal of opportunities, being a real player in cosmetics and medical devices is our next challenge. At Novascon we look to develop any type of products which can be sold in pharmacies; this is our baseline.

However, our goal in the next two years is to establish a significant presence on the OTC/dietary supplement market with our entire portfolio. Since today our revenues are PLN 35 million (USD 11 million) excluding Sinulan Forte, we can expect PLN 70 million (USD 23 million) in the next two years.

Of course we remain open to new opportunities and activities to grow in Poland. With our strong pipeline, financial resources and great staff, we can be certain to see Novascon keeping a similar pace in the future.

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