

Interview: Ignasi Biosca, CEO, Reig Jofre, Spain



09.07.2014

Prior to joining the family business, Ignasi Biosca spent his career working in online media and internet advertising. Upon becoming CEO of Reig Jofre in 2007, he quickly sought to adapt to a changing marketplace through a greater focus on innovation and international expansion. Biosca outlines these strategies in an exclusive interview with PharmaBoardroom.

Apart from learning about the pharma industry, what were some of the other initial challenges you faced?

Before coming to Reig Jofre, my career was focused in online media and internet advertising, primarily with international responsibilities. Due to internal reasons, my family asked me to join the company to take over from my father. I did not have a clear background in pharma, but the team at Reig Jofre was outstanding and very specialized in all areas, from manufacturing to sales and marketing. In fact, many team members grew at this time because management duties took a trickle-down effect. Second-level managers suddenly had greater responsibility, which they were willing to do, and they have succeeded.

Secondly, I had to start thinking of ways to grow the business. I needed to ensure that manufacturing and other functions were covered and worked well. This management shift took place at the end of 2006, so I had to decide not only how we would tackle 2007 but also figure out where Reig Jofre needed to be in 2012 and 2017, and this was my biggest concern. Merging or selling the company could have been an option, but because I was committed I wanted to make Reig Jofre grow and successful and expand.

The pharmaceutical industry is very slow in terms of reaction. Today's actions will have its effect in several years, so you have to do your homework now. I realized this in my early days here, so I had to determine what new projects we needed to create to innovate now and obtain results later. In that sense I concentrated very much on research. I am part of all new R&D meetings, I am on all steering committees, and I am very close to all new plans for project development and research and innovation. The only way we can succeed in the future is if we are successful in one of these development projects.

In December 2013, Reig Jofre received approval by the FDA to market its sterile penicillin-based antibiotics in the US. What is innovative about this product, and how has it opened more doors to the world's biggest pharma market?

The future of a company like Reig Jofre relies on the innovation of new products and opening new markets. Our past has been tough, and in the early 2000's Reig Jofre was suffering financially more than most local companies. This forced us to open ourselves to international business, which we have continued to do competitive until the present. With this double strategy of innovation and international growth, being able to access the US market was a key milestone for us as it opens the door to the largest pharma market. Internally, this was also a milestone from a purely motivational perspective since the team that had been working on this project since 2008 and has involved many individuals over the years. In that sense, this approval by the FDA was a joint success. Regardless of size, teams must be highly committed and particularly motivated for hard projects.

And one FDA approval can certainly lead to more for similar products or new indications!

It means that you know you can do it and the door is open. If you prove to yourself that such objectives are possible, the potential is there. At the moment we have about four different products being offered to different companies in the US to distribute, and we aim to close at least three deals this summer. Essentially we are a family-owned Spanish firm that tries to prove to itself that it can be

competitive and good enough compete and market its products in the US. This success has been an important step both internally and externally.

The company also opened an affiliate in the UK in 2011, extending its commercial outreach in Europe. What benefits did you see in that market, and what is your general expansion strategy?

Our expansion strategy is critical as Reig Jofre needs to lose its dependence on the Spanish market. As of today, 57 percent of total sales are international. Much of our international growth has been through international distributors and licenses of our products manufactured locally. In 2009, we acquired the Swedish company Bioglan, our first step in creating a real presence outside of Spain. From there, we have steadily looked to grow with actual Reig Jofre presence in other international markets. In the case of the UK, we found ourselves with some products approved in that country which were being distributed by a third party whose strategy had changed. We recovered the authorization to sell the products, which is why we created an active presence in the UK. We are also looking for other possible operations that allow us to grow with additional products in the UK and to slowly increase our presence there.

Would you ever extend that outreach to other, more emerging markets?

Europe is advantageous in that we know the market well due to its proximity and similar mindset. But these are mature markets, and this means there is a lot to offer in each country, and simultaneously there is huge price pressure and margins are shrinking. Reig Jofre will continue looking for opportunities in Europe but we do not expect massive growth here in the future. In the US, we are working with distributors and we plan to directly launch some very specialized products. We are also investing in growing in Japan through partnerships. In Southeast Asia, Reig Jofre is in the process of creating a joint venture with a local partner. There is a great market for some of our antibiotics in this region, as they recognize European quality as an alternative to products from other parts of the world.

In some ways, that is Spain's competitive advantage in emerging regions: being able to sell high quality products at an affordable price.

These regions have two markets: cost-sensitive and brand-oriented, the latter of which involves customers who are willing to pay a premium for a European product. As an example, penicillin antibiotics are a large commodity in many parts of the world, but still, have massive medical value and importance. As Europeans, we are used to being treated with antibiotics for simple infections; they are fairly cheap and have extraordinary value, whether they are used for a couple of days or one month. In markets where the products are not necessarily reimbursed by the administration, antibiotics tend to be the type of product where you are more likely to pay a premium for the best treatment available if you have an acute infection.

Reig Jofre engages in diverse partnerships, as seen with the acquisition of Bioglan or the joint venture with Oryzon. What do you look for in a partnership?

For Bioglan, we were looking to create our first real presence outside of Spain beyond our third party partners. This acquisition has been a fantastic experience for Reig Jofre; it compelled us to change internally by adapting all of our reporting systems and bringing our Swedish colleagues to all of our internal R&D meetings. I have been frequently asked why we chose Sweden, and the reason is because Reig Jofre has a small focus on a dermatological semi-solid plant in Sweden. The model we have in Bioglan is very similar to the model we have for Reig Jofre in Spain, in that we have a development team focused on developing topical products. Secondly, there is a deep network in Medicon Valley, where there are many small research-based companies with good ideas and

projects emerging from local universities and hospitals. Our venture into Sweden has created a source of obtaining new projects that can be developed and manufactured within Bioglan, and then internationally licensed out worldwide. From a pure market perspective, Sweden is not so large and sizeable with a highly advanced market for pharmaceutical research.

The joint venture with Oryzon is an example of another kind of relationship Reig Jofre has. When I joined Reig Jofre, the company was already discussing a research project for diagnosis of endometrial cancer with Oryzon. Their experience in gene analysis and molecular diagnostics combined with our scale up, product development, manufacturing, sales, marketing and commercial experience has resulted in a successful partnership that included a validation clinical study with 500 patients in hospitals across Spain. The product has proved that it can successfully diagnose endometrial cancer based on a uterine aspirate sample using a very small amount of material.

What does Reig Jofre offer that makes it the partner of choice for so many companies?

The model is a lot more coherent than it might look like from the outside. The key point for Reig Jofre is to innovate new projects that can be manufactured and marketed by ourselves in those markets where we have direct presence or through our network of more than 180 partners, licensees and distributors in more than 52 countries worldwide. Our global partners also tend to have products in the same areas of expertise as ourselves or they know that local pharmacists or doctors can reach the market very well. Instead of growing through business units in every country, we have been growing through a network of partners to whom we offer every new product that Reig Jofre develops. In that sense, we are slightly more focused on the development side of R&D+i. We try to develop both real innovation, but also products that are not necessarily a new chemical entity but rather some developments or improved formulations or new indications for existing molecules that can be successfully marketed in each local market.

What are the characteristics of the Spanish ecosystem that allow companies like Reig Jofre to succeed?

This is related to our history. There are many family-run firms, especially in the Barcelona area, that see business transcending our lives. We are here to create a solid, long-term business that allows many people to develop their professional lives within individual projects to which they feel committed. We want everyone to feel like this. This commitment allows projects to grow and advance. Furthermore, family-run businesses are still extremely professional. In fact, Reig Jofre is not run based on the concept of a family-related vision or ownership.

Where can we expect to find Reig Jofre in the coming years?

I would like Reig Jofre to grow more internationally and to be able to launch many more products. Many companies in this industry grow the moment they have big products. You need to be successful in creating a few products that can grow rapidly worldwide. Reig Jofre is ensuring strong innovation to create enough new products that help us grow internationally while creating and growing our network of international presence that is ready when any of our projects succeed.

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