

# Shaun Chilton – CEO, Clinigen Group, UK

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17.07.2018

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*A British success story, Clinigen Group provides companies with services in portfolio and product lifecycle management on a global basis. Its CEO, Shaun Chilton, talks to us about the value proposition of Clinigen, what makes it unique and why competition is more flattering than threatening.*

**You today have a unique combination of businesses, with brands Clinigen, Idis, Link and Quantum that was acquired just last year. What is Clinigen's value proposition as a group?**

Clinigen's value proposition is fairly straightforward. Clinigen expands and extends the true value of a pharma or biotech partner's product's lifecycle. Our uniqueness stems from our ability to manage different commercial and access situations for our partners. Whether these companies want to retain rights but improve access, divest or license their products to us, we find a solution nonetheless. We see it as our responsibility to ethically manage access to difficult to procure medicines, mitigating the risk of counterfeit medicines entering a company's supply chain and thus ensuring that the health and safety of patients are not compromised.

Our unique ability to manage access in both licensed and unlicensed markets is what makes us a really effective partner and allows us to add value at every stage of a product's lifecycle. As a result, we create a win-win situation between the original owner of the asset, ourselves, the healthcare professionals and most importantly, ultimately the patient. We reduce risks for the owner and ensure financial benefits they can rely on. Moreover, through us, they are able to supply the right medicine at the right time for the right patient, while maintaining their reputation.

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We have created a diverse business which we strive to keep in order to avoid over dependence on a given product, market, region or company. Yet, while remaining true to our core of facilitating and maximising access to medicine, we are diversifying our offering. Essentially, we are a true global lifecycle partner, without conducting any significant R&D activity ourselves, but we do get involved and add value at any stage of a product's lifecycle.

There are only three paths a patient can access medicine: via a clinical trial, as a licensed commercially available medicine or as an unlicensed medicine. We are able to be present on all three paths with our clinical trials services, our commercial medicines arm which handles licensed medicine, and our unlicensed medicine arm, which facilitates applying a very stringent regulatory environment to supply access where the medicine is not licensed.

Clinigen was set up to create a unique business model with this threefold focus, ultimately aiming at providing help to companies in getting to market more effectively and thereafter controlling and facilitating access ethically for the rest of the product's lifecycle. Our mission is as I said, "right medicine, right patient, right time". Therefore, we try and keep the supply chain short, dealing directly with hospitals and physicians, because it minimises risk. Finally, it is to be noted that Clinigen predominantly operates in the hospital business, in specialist and secondary care-driven spaces, with a focus on chronic long-term difficult-to-treat disease.

### **Can you tell us more about your client base?**

As we built up an infrastructure that is a sophisticated global supply and distribution engine, we can service pharma and biotech clients, regardless of their size. The important factor is the demand for the product and how you manage supply and access to that medicine. We work with the vast majority of the top 25 pharma companies, but we also work with a very significant percentage of small, niche, orphan and rare disease companies.

BMS, for example, with whom we just recently signed an agreement to manage a number of products in their hospital portfolio in South Africa, is a classic case of how the industry is adapting to emerging global demand. Given their size, they have the capacity to manage the South African market by themselves. However, since they have to choose carefully where to deploy their resources as is the trend with most large pharmaceutical companies, they tend to focus on a core number of international markets. Some markets will henceforth be less of an immediate priority for them, be it because of the market size itself or the demand or competition for a specific product in that market.

In regions such as Africa, Latin America, the Middle East, South-East Asia, markets have some similar characteristics: increasing demand, especially for ethical branded medicines, important infrastructure and logistic issues, supply chain difficulties and growing significant threats such as counterfeit medicines. Another constant worry of innovators are keeping up to date with developing local regulations, it is a full-time job to keep track of changes and local specificities. We have the required experience, through our own knowledge or partnerships and networks we have built up in various geographies.

Big pharmaceutical companies are predominantly geared up to deliver on an R&D pipeline and new products on a consistent basis, pushing the boundaries of improving therapies. The subsequent lifecycle management and questions of how you create access to these medicines on a long-term basis throughout the world is less the core business of innovators. We at Clinigen provide those companies with a very attractive alternative. We have the infrastructure and the relationships with the hospitals, the physicians and the pharmacists. We give companies the choice to concentrate on what they consider core.

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## **What will the innovative pharmaceutical company of the future hence look like?**

I think that overall, collaboration across various therapeutic expertise areas and an increasingly holistic view of treatment will become more important. Oncology is a classic example where companies are actively collaborating: many former competitors are now collaborating. Given the shared interest in a single or combination of products that results, engaging with a third party for access management seems more of a natural choice for them.

In the 1990s, the big pharmaceutical companies were doing the majority of their commercialisation activities in-house. Then they started to outsource more and more, but still kept things like R&D firmly in-house. Now this is changing as well. We witness a more holistic approach to medicine—personalised medicine, precision medicine, the impact of genomics—that prompts companies to partner more. Thus, companies no longer own the entirety of their products, and processes become more collaborative and require trust. Those partnerships are needed to advance medicine, and Clinigen has an increasingly important role to play in this picture.

## **What have been the important strategic pinpoints of Clinigen's expansion?**

Starting out from the UK we expanded geographically in the US first. However, we today have the capabilities to operate in Africa, Australia, Japan and South-East Asia, markets that are forecasted to be fast-growing in the medium-term. We have built out Clinigen's geographic footprint and infrastructure largely through acquisition to fill the gaps in those regions we felt we had to have control over. We have been able to scale up fast through those acquisitions and hence become a partner to companies of all sizes. Today, 80 to 85 percent of Clinigen's business stems from outside the UK.

We are acquiring businesses to continue to drive growth—we want them to be additive and complimentary and this is how we have grown from 120 people three years ago, to c.1,000 people now. The whole purpose of the acquisitions is to add value immediately, so we only select those we find are the best fit, in terms of network and operational capabilities, but also in terms of culture.

## **What is Clinigen's strategy for future expansion in new geographies?**

While we will look to expand future geographic capability through acquisition in key markets, we will also actively consider strategic partnerships. As we have no intention of building up infrastructure in every single market in the world. This would be unsustainable.

We select and target key regions globally that we think hold long-term potential as supply and distribution hubs, like Singapore in South-East Asia. We are now pretty adept at assessing the capabilities that we need as we become bigger. It is one of the benefits of being a public company that has helped promote Clinigen's capabilities: we get requests for partnerships every single day, requests to work with a new asset, and requests for local partnerships. The challenge is choosing the right partner and we are definitely interested in exploring more partnerships globally.

## **Where do you see the competition coming from today?**

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I think you can see competition in two ways. There are those trying to copy what Clinigen does, most of the time in any two of our three legs (clinical trials, licensed and un-licensed medicine). My response is to reference that old saying that imitation is the highest form of flattery. Moreover, while not being complacent, copying a business model such as ours is more difficult than it might at first appear.

The other potential form of competition we face is from the pharmaceutical innovator companies themselves. Nevertheless, as they are looking increasingly to outsource, while there remains a reasonable percentage that still draw importantly on in-house resources, demand for us has been constantly increasing.

Overall, I consider competition to be healthy. Once you are in a market leadership position it keeps you on your game, encouraging you to innovate and be creative. We have come an awfully long way very quickly. Clinigen has only been a public company since September 2012, starting at a market capital of GBP 130 million (USD 174 million) and now we have tenfold that worth, and yet I think we are just scratching the surface of what we could achieve.

From an investor perspective, a continuing challenge is to understand the benefits of the Clinigen business model since we operate in some specific niches and if you are more of a generalist investor this can initially present some challenges. My job here is to find an effective way of presenting the value proposition to all investors in a way that makes it more straightforward for them to understand and make a better-informed choice as to whether this is an attractive long-term choice for them.

### **You are considered to be a great British entrepreneur?! Would you agree?**

I think "entrepreneur" is a word that is being massively overused nowadays. I think in simple terms that if I have great people, give them a real sense of purpose and look after them then the business will continue to grow and we will make the most of our opportunities. What I enjoy the most in my role is seeing people develop and progress through the company. Nowadays, it seems as though a lot is made of people tending to move from one company to the other faster than they did. I want people to have a long and successful career at Clinigen and training and development hold particular importance to us. The best demonstration of this is with our Management Academy which looks to provide essential development and on-going support for all managers. And I will ensure this continues to remain a priority for us.

### **A message to send to our audience?**

With regards to the UK, irrespective of what is going on around Brexit, it still is a fantastic source of innovation and talent and the basis for building successful international companies. And I think Clinigen being part of that is something we are very proud of, and is proof that it is still, and will be, a powerhouse in business, pharmaceuticals and life sciences globally.

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