Joan Puig de Dou â?? CEO, Kymos Pharma, Spain

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Joan Puig de Dou, CEO of Kymos Pharma, a Spanish analytical CRO, shares his insights in the changing dynamics of the industry and explains how remaining independent in the face of industry consolidation is a strategic priority to leverage both quality and specialization for the companyâ??s clients.

Could you please introduce the company to our international audience?

My professional background is as a pharmacist and business administration graduate. I also have several executive certificates in areas such as logistics and manufacturing and I hold a general management program in IESE.

I worked in Menarini for many years in several technical and management positions. I joined Kymos at the end of 2010 in order to lead a development plan for the company in order to grow Kymos into an international firm, at a time when the company was only working with a majority of Spanish clients. From that moment, the shareholders made investments to reinforce equity, update equipment, and further build a new lab.

The first and most important step was to acquire a part of an Ipsenâ??s R&D centre located near Barcelona. At that time, Ipsen had decided to transfer activities to their main Paris laboratories and this allowed us to take over an immunology team of approximately ten people. This agreement not only included the team but also instruments, know-how and a collaboration agreement which has been extended up to now.

This agreement has greatly benefited both sides and has given Kymos the opportunity to move from small molecules to biologics. We knew it was a very complex market and we needed expert experience to kickstart the transition. The team who joined us was specialized in immunology from a biologic focus.

In the following years, we also brought on talent with experience in the CMC area of biologics as well; an area which is growing quickly. Biosimilars are very present in less developed markets outside of Europe and the US such as Asia and South America. In these less regulated markets these products do well, however, when they come to Europe, they must be tested to meet EU standards. This is an area in which are now focusing on to help biosimilar players enter the European market.

What was the impact of the 2016 Italian acquisition for Kymosâ?? operations?

The strategy of acquiring Pharmaprogress in Italy was an exercise of expanding within the European market. Indeed, this was more of a market share opportunity rather than a service extension strategy. When we acquired the centre in Italy it was small, around seven people, which we have doubled in a year and a half. In our experience, the outsourcing of some services, especially in CMC of small molecules, are driven by the proximity of the market and for this reason, this deal was interesting.

At the time, the company had a small market share but a good relationship with leading Italian companies. For Kymos, this deal has allowed the growth of these accounts not only for activities performed in the Italian labs, but also in Spanish labs. The acquisition of the company has allowed us to double the size of the Italian affiliate while increasing activity in Spain by bringing the projects which cannot be handled in Italy.

Are there potential movement opportunities into powerhouse markets such as France, Switzerland, or Germany?

We are always ready to evaluate opportunities. We are still a growing company, therefore, mainly search for opportunities that require low investment according to our capabilities. Our vision for the future of Kymos is to be a leading European partner in a short period of time.

Asia is a very important market for Kymos of which we have the biggest future expansion. We have many contracts with some companies in the region, but the turnover is still limited since the process of method transfer and the regulatory activities involved take time. Nevertheless, our vision for 2019 is to gain attractive revenues from key contracts in biologics and in the following years, the expansion should be even higher.

However, in terms of expanding into Asia physically, this is not a priority for Kymos. Most of the clients we have in the region have chosen us specifically because we are based in Europe. Many Asian companies look for partners in Europe in order to act as a bridge into this market.

What are the key trends impacting the space that Kymos is operating in?

Companies, especially after the crisis of 2009, realized that having rigid structures was not sustainable. Many began programs to downsize their organizations and have realized the efficiency of outsourcing as a strategy. Having these variable costs gives them the flexibility to adapt in case of financial hardships.

On the other hand, another noticeable trend is CROs becoming the research centres for companies in a sense. Companies prefer not to invest in programs but acquire IP rights for mature research when the risks are lower despite higher acquisition costs. Additionally, management and growth can be more challenging than acquiring a nearly successful project.

From this trend, we can see a movement of know-how from pharmaceutical companies to CROs. Many of our scientists have high value for pharmaceutical companies as they are often multidiscipline in projects spanning many therapeutic areas.

How do you see the role of CROs in the new environment of innovation coming from startup and university centres, etc.?

Overall, we have many different clients; large pharmaceutical research centres and quality control labs, but also many small clients developing projects with only one or two projects. These biotech companies have the need to outsource all their studies and some of them bring us more activity than what we get from big pharma. These are a new category of clients that we have been working with in recent years.

Where do you see the CRO companies evolving in the future in the face of a consolidating industry?

In Kymos, we are facing things in a different way. Proximity with clients and integration in their projects is a key determinant of Kymos operations. Sometimes, large CROs are not so reliable, not in terms of quality, but in terms of knowledge sharing and involvement in the project. Kymos is dedicated to being integrated with clients and developing projects in collaboration with our clients.

In this context, even though the Italian acquisition was small, we have decided to keep the name Pharmaprogress because it is known in the market. We try to share with our clients the vision of being present and growing rather than replacing. Kymos is fighting against large, monster CROs in order to offer our clients a more personalized approach.

H0w do you see the scope of Kymosâ?? CRO services developing in the future?

Principally, we already offer a wide range of services and are not considering at this moment expanding our offering. We prefer to concentrate on the specialized services we can execute. We consider ourselves an analytic company covering all aspects from early research to post-market activities. We operate in many areas like immunology, chemical, physical, microbiological testing, but other related services as regulatory or formulation development are not in our strategy at this point in time.

What has been the progress of the Kymos goal of achieving EUR ten million in revenues?

We are aiming to continue the growth of Kymos in double digits for the upcoming years through strategic business planning.

Our focus on biologics has helped as the main driver for this growth. We have several projects already ongoing and others in various stages of regulatory variations and approval. Additionally, these testing services give us the opportunity to work in innovative areas with our clients. At the moment we are working mainly in quality control, but we want to be more involved in research development of biologics in the future. This is an area we have grown with small players which we hope to leverage with big pharma as well.

When compared to other niche organization what is the differentiating factor which makes Kymos a partner of choice?

There are two factors: flexibility and quality. With many of our clients, we are offering different services depending on their needs, including importation assessment, testing, batch release, etc. Larger companies have long delays in project timeliness while Kymos can begin and therefore complete projects sooner.

We have a very experienced team coming from all around with scientific backgrounds across a variety of areas. We place high importance on the training and skills of our talent. The quality of our operations has always been a number one priority.

Looking forward to the next five years, where do you want to take Kymos in terms of a long-term vision?

We aim to lead Kymos to become a leading mid-sized European contract lab. Pharmaceutical companies must place their trust in CROs; the knowledge in Kymos is much greater than they realize. We want to build a strong relationship with our clients and to act as long-term partners. It takes time to learn about one another, and I believe for the best condition we must work closely and collaboratively.

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