Interview with Philippe Vandiest , Founder & CEO, Promomed

24.08.2012

Tags: Promomed

Mr Vandiest, it’s always a pleasure for us to interview the entrepreneurs behind the businesses we meet. Can you tell us more about the vision behind the creation of Promomed?

Since its foundation, Promomed has been focused on providing outsourced sales representative solutions for its clients. Certainly, this is by no means a new concept since there is an abundance of companies with outsourcing services in the international pharmaceutical market but the activity can be considered to be new to Belgium. Specifically, Belgium is perhaps among the last markets in the European Union to develop a pharmaceutical outsourcing industry, which was practically non-existent about 20 years ago. Since Belgium is a fairly dynamic market boasting very accessible people with many competencies in a small geographical area, outsourcing was never a necessity at the time. If you compare this to French market for example, outsourcing was essential because 40 years ago if u wanted to launch a product in the market, the communication rules were not the same as they are today prompting the need to have some correspondence across all departments in France in order to provide information about the product. This marked the start of pharmaceutical outsourcing in France, and the rest of the EU for that matter, with the exception of smaller countries like Belgium.

Also, one must also take into account that multinational corporations (MNCs) aiming to penetrate the Belgian market with its population of 11 million, are faced with relatively less risk than if they look towards larger markets like France with its 60 million inhabitants. Therefore the investments

required to penetrate the Belgian market were relatively lower, as were the potential risks. Therefore, there was no need to provide outsourcing services until 1991. From then onwards, the new organization of the government, with its lower spending and decreased reimbursements coupled with increased difficulties of new product launches prompted companies to seek alternative solutions at lower costs, finally spurring the growth of the outsourcing business.

Initially, we began our services as a team of two, and we have grown to include more than 160 team members. However, this was no easy feat since it was new activity to the Belgium market and as you may know, changing habits is one of the most difficult things in life. Still, outsourced pharmaceutical representatives in Belgium now represent 17% of the total number of representatives. In fact, a Price Waterhouse Cooper's report forecasts that this figure will climb to 40% by 2015. To be frank, I have yet to discover if this will be due to the expansion of the outsourcing business or rather the contraction of the number of overall medical reps. However, the bottom line today is that outsourcing has become an integral part of the Belgian pharmaceuticals market, akin to its French and German counterparts – although a little bit delayed.

You have an interesting professional history of partnerships, acquisitions and rejuvenations. Can you highlight some of your main milestones throughout its history?

In 1994, I founded a company similar to Promomed for which I was awarded the 'company of the year' award from the Wallonia region in Belgium. I subsequently founded a similar company again similar but with a renewed focus. Promomed was established in January 2010 and despite its recent establishment, it is ranked second in Belgium preceded only by Quintiles.

The group is composed of a number of business units with specific activities. Can you highlight the main services Promomed offers today?

If my experiences have taught me one thing, it is not to build your company on one 'pillar', rather to diversify your activities. Naturally, I applied this thinking to Promomed, which resulted in Promomed Group, now composed of six interrelated departments focusing on different, but complementary market segments.

Naturally the first and foremost pillar to focus on is the one which we are most competent at and best recognized for in the market. It is the outsourcing of sales representatives to doctors, practitioner pharmacists and/ or physicians. In this field, we are offering our solutions to 15 pharmaceutical companies with a total of about 100 medical representatives on the road.

In 2010, our ‘Strategy Group Commercial Director and Officer’ Frédéric Galand joined us in the group Promomed and implemented our space management strategy for the Belgian pharmacies market. It covers the top 10 Belgian OTC companies and uses our merchandising team to optimize Pharmacist cabinets’ shelf facings according to IMS sales figures.

We then launched the Posman team that visits the 1,500 of the largest pharmacies every 5 weeks to optimize and install promotional material, sign, totem, stickers, blow ups, etc… A showcase for pharmacists is also managed by this team of 10 people on the road. This approach is absolutely unique to Belgium.

We also launched ‘Posman’ service, which works on the merchandising pharmacies too but focuses on the cosmetics department and serves the TOP 5 dermo-cosmetics customers.

Finally, we ended this year with the creation of the division ‘PromoLogistic’ which offers companies to manage online all their stock of displays and samples in a Promomed warehouse (1700M²) where we take care of all the logistics to deliver directly into the garage of pharmaceutical representatives or medical firms all the equipment they need for the week, via an Internet application that allows easy management of any office or home.

In short, we strive to listen to the needs of our customers and we will certainly continue to innovate!

How would you describe your client base today and what, in your opinion, makes Promomed Group the partner of choice?

Our client based is mainly composed of well-known multinational pharmaceutical companies but we do also have a healthy mix of young and dynamic local businesses.

To put it into perspective, although there are some cultural similarities between the Netherlands and Belgium, their markets are absolutely incomparable. For instance, the Netherlands has a population of 16 million inhabitants with only 1300 pharmacies that is counter balanced with a big concentration of drugstores supplying over the counter drugs. Also the Dutch have less than 5000 General Practitioners (GP’s), 3000 of which you can visit a maximum of twice a year. Certainly, you cannot compare this to the Belgian market which has 11,000 unconstrained GP’s, 5000 pharmacies and no drugstores at all. I believe that this illustrates the importance of being able to identify with your market and demonstrates the importance and added value companies such as Promomed can provide.

In your opinion, what are the main challenges relevant to Promomed and its clients today?

In terms of market based challenges, I believe that we need to address the issue of lack of trust from pharmaceutical companies while persuading them to view outsourcing companies as added value partners instead.

For instance, a pharmaceutical company might intend to launch a product in the Belgium market but does not do so on its own due to the lack of resources. Although outsourcing the promotional and distribution might be a feasible option, some companies may avoid this due to the lack of trust. That is, they might be wary of relinquishing the physical or visionary control of their product. On the other hand, unlike pharmaceuticals, outsourcing companies do not have the same operating margins and financial cushions making them far less tolerant to risk. Ultimately, this means that forming a genuine partnership would be the only way forward where the pharmaceutical company helps to bear some of the risk and support its partner when needed.

In summation, I believe that outsourcing companies are not yet ready to assume these risks today while pharmaceuticals are not ready to manage these risks together with them either. This represents the main challenge for our sector over the medium term. Nonetheless, we have acknowledged the issue and now we can begin to work towards addressing it and build trust.

In such a competitive environment, how do you ensure that you attract and maintain the best sales representatives and employees today?

Outsourcing companies and Promomed in particular, have a solid reputation in terms of recruitment and training. One reason for this is that we are certainly more open to provide young professionals with a chance to develop their careers unlike large pharmaceutical companies that tend to seek only experienced candidates. Naturally therefore, Promomed receives much interest from highly capable but sometimes inexperienced contenders that perceive this as a great opportunity to break into the relatively restricted pharmaceuticals industry.

On the other hand, in order to maintain our recruits within the company, we try to target candidates that enjoy working in a dynamic environment as opposed to serving the same client and selling the same product over a long period since this defines our business model. Needless to say, we also offer them competitive compensation packages to ensure that their contributions are adequately rewarded.

Another interesting attribute of outsourcing companies in Belgium today is that they are among the very few companies in the pharmaceuticals industry that are experiencing real growth. Certainly, this helps make us more interesting to industry professionals than we were twenty years ago, helping increase the pool of candidates we have access to.

On the topic of growth, what are your ambitions for Promomed and where do you intend to take the group over the following 2 to 3 years?

In terms of workforce, I intend to double the number of our employees over the following three years to about 260 to complement the growth of our core business as well as the other business units that are set to expand. Accordingly, this will also entail further investments in warehousing and commercial spaces as well. Ultimately however, I believe that that will represent the threshold since I believe that the maximum size of a local outsourcing company is at about 250 employees. I do not believe that the Belgian market can absorb any more than that assuming the current market environment.

On the other hand, I am also open to the option of expanding Promomed’s geographical presence to include regional countries like France for instance. In fact, I have already been approached by a couple of French companies already but I think it is still untimely. Nonetheless, if I do choose to pursue such initiatives in the future, I will only do so in partnership with a locally established outsourcing company that can help us to better navigate the unfamiliar waters in exchange for our technology, expertise and training.

See more interviews