Interview: Laure Brenas Baudry – Chairwoman, CSP (Centre Spécialités Pharmaceutiques), France



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Third generation family member Laure Brenas Baudry explains how CSP has become France's leading distributor for pharmaceuticals, and how they provide value added services to their large set of clients in over 130 countries.

CSP is now the leading French distributor of pharmaceutical products. How has the company grown to achieve such as a status over its 65 years of operations?

My grandfather, Marcel Baudry, created the company in 1951 in the Auvergne region of France, near Clermont-Ferrand. At the time, he did everything on his own and was delivering supplies to local pharmacies. We have grown from being a "one-man show" and the smallest licensed distributor in the country to what we are today: the largest player in France. We currently have a subsidiary in Belgium and distribute – from France – to 135 different countries around the world. We have naturally grown gradually, and to give you an idea, when my father took over the company in 1969 we were around 10 employees; when I succeeded him in 2009 we were 800; and today we have 1300 employees. Our turnover has grown exponentially and reached EUR 131 million (USD 145 million) last year. We distribute USD 7.5 billion worth of products. Our market share oscillates between 35 to 40% – bearing in mind that some large pharmaceutical companies like Sanofi handle their own distribution.

Talking about this topic, what are the advantages of externalization and how would you define CSP’s core added value?

Our services attract both smaller and larger firms because we achieve economies of scale. Regulations and information systems are becoming more complex. Our clients often lack the resources and the infrastructure to keep up-to-date with norms and regulations. For instance, a recent European directive now imposes serialization on all products starting in January 2019. To the best of my knowledge, there are no cases of labs that decided to externalize distribution and then revert to handling it in-house. When firms choose to externalize distribution, they forego their expertise. Distribution of pharmaceutical products does not simply consist of packaging and shipping from point A to B. We currently deliver orders for a customer where certain products had to be stored at -21°C, some at +8°C and others at +15°C. We have the expertise to meet these requirements in a single-handed operation.

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Are French pharmaceutical companies increasingly inclined to externalize their distribution processes? How would you compare with other markets?

I am not an expert on the trends in other markets, but what I can assure you is that externalization is a growing trend. Certain companies that seek to externalize encounter social problems. Externalization brings new closings and new layoffs. As you may be aware, social tensions are worsening in France. In this context, I suspect that certain companies hesitate to implement a social plan and therefore outsource their logistics needs.

Certain laboratories are also convinced that handling their own distribution enables them to keep a better eye on the market. This is wrong because we carry out our preparatory work in full transparency. As a licensed distributor, our mandate is solely to deliver pharmaceutical products to wholesalers, laboratories, pharmacists, hospitals and clinics. We don’t have buy-sell agreements and do not own stocks. That is our main difference with wholesalers. We are partners and don’t manage pricing. Our fees are based on logistics units. We are better equipped to provide a support function to companies that have more important priorities than logistics. Wholesalers have a public service obligation. They achieve regular margins on each product that they sell. We charge for our distribution service only. Our success in France can be attributed to our devotion to our clients’ needs and expectations. I remember that we once created a testing laboratory to satisfy a client.

Certain firms import products from outside the EU, and we facilitate the complicated legal import process for our clients. We have increased the lead on our competitors by providing a wide range

of state-of-the-art services: calls for tender, billing services for laboratories, payment systems, and administrative and physical logistics. 80 of our 150 clients ask us to handle operations other than pure distribution.

What do you believe will be the growing trends in your industry?

Markets have become highly concentrated and Europeanized. Companies that distribute products from one country to another are now relying on a single service provider. Pharmaceutical companies are no longer making record profits, the “golden age” of pharmaceutical is something of the past. They are therefore interested in improving their logistics network, simplifying the administrative and legislative framework, and cost-reduction. We understand that our clients now face price wars, and we aim to provide them with the best services from a distribution standpoint.

How do you envision CSP’s international presence?

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We opened our Belgian subsidiary in 2008. We also have partners and joint-ventures in Southern Europe in Italy, Spain, and Portugal. We work with the Spanish leader Logista Pharma and the Italian leader Chiapparoli for example. I enjoy collaborating with companies that have similar work ethics and business approaches. We remain a family company built on a human scale. We are driven by the sustainability of our business and not the satisfaction of shareholders. We don’t have short-term performance obligations. I work every day with branch managers, heads of sales and administrative staff. Automization is the future, and automization implies improved quality and productivity at a lower price.

What makes CSP a partner of choice today?

Our proximity to our clients allows us to do business in an unmatched style. Our small size, adaptability and flexibility enable us to deliver customized solutions at competitive costs. I am very invested in my company’s future. We monitor policy and legislation development in our sector. We also have a good relationship with the health ministry and its leading civil servants. Serialization will also become increasingly important in the future.

CSP has a rather unique approach to Quality, Health, Security and Environment matters, with your specific engagement program on these fronts. What exactly does this program entail and why was this something important to you?

Before coming president of CSP, I oversaw the company’s quality and environmental policies. I was in charge of implementing ISO standards and norms. I am personally and professionally involved

with sustainable development. Many small steps can be taken to improve the environment. On a different note, one of the first things I did when I took over as president was to reinforce our security policy. We have recently received the OHSAS certification. We determine and publish our safety, environmental, and quality objectives on a yearly basis.

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