Interview: Cédric Ertlé – General Manager, Laboratoires Expanscience Mexico

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Cédric Ertlé, managing director at Laboratoires Expanscience Mexico, explains the strategy that the affiliate has implemented to obtain 20 and 45 percent of growth in dermocosmetics and rheumatology respectively and showcases the strong potential ahead in both areas in Mexico.

Could you introduce yourself to our international readers as well as the main activities and operations of Laboratoires Expanscience in Mexico?

A large portion of my professional career has been developed in France as brand manager, medical reps country director and other executive positions in leading pharmaceutical companies such as Astra Zeneca, Sanofi and Recordati. Nevertheless, I started this new journey as general manager at Laboratoires Expanscience Mexico in April 2015 but I have been working here since 2012 when I was appointed for the same position at Servier. Regarding my educational background, I am doctor in the pharmaceutical field along with a master in Marketing to complete my professional skills.

Laboratoires Expanscience started its operations in Mexico back in 2002 and it develops and manufactures innovative dermo-cosmetic and osteoarthritis products such as Mustela and Piascledine having more than 60 and 20 years of experience in these areas respectively.

What have been the main factors that encouraged you to move from Servier to Laboratoires Expanscience and your biggest accomplishments in Laboratoires Expanscience so far?

I have had experience in nearly all pharmaceutical fields such as vaccines, general prescriptions, cardiology and neurology but Laboratoires Expanscience has given me the opportunity to continue expanding my experience in rheumatology and dermo-cosmetic, which were totally new to me and I liked the challenge.

I am proud to confirm that I have given strong impulse to my team, involving them in the execution of the Mexican affiliate's strategy. Thus, we have experienced promising growth rates of 45 and 20 percent in rheumatology and dermo-cosmetic respectively during the last year. It is worth to mention that these results have been obtained with the same number of staff thanks to strong training efforts increasing the quality of the team in charge of both therapeutic areas.

Considering the high dynamism of the industry, what has been your strategy to achieve such success?

We started doing a diagnosis of the capabilities and the positioning of Laboratoires Expanscience in Mexico to design the most accurate action plan and overcome the internal and external challenges. Obviously, we did such introspection both in the rheumatology and dermo-cosmetic areas. Nevertheless, the implementation of the action plan in the affiliate has been also a cornerstone in our strategy.

In rheumatology, we identified that there are 11 million Mexicans suffering arthritis and only one million of them are being treated. There is a big potential in this market and Laboratoires Expanscience has Piascledine, a high-quality product backed up by clinical studies to treat such disease. We are fully aware that there is a fierce competition in this therapeutic area but we have the right product to stay ahead.

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In addition, since we realized that we only had one product in rheumatology, I focused on enlarging our portfolio in this specific therapeutic area. We identified that Ferring had a high-quality biotech product in rheumatology ranked number one in the USA but it was not their priority to launch such product in Mexico. Therefore, we have recently signed a win-win deal with them and launched Euflexxa TA® last April 2016 in the Mexican market.

Nevertheless, we wanted to continue enlarging our product offering in rheumatology and, in this regard, we have recently obtained the authorization from Cofepris to launch a new collagen product called Orangelart® with UC-II technology and outstanding medical specifications to compete.

In dermo-cosmetics, we noticed that there are 2.5 million of newborns in Mexico every year, which is huge in comparison to other countries such as France with 700,000 newborns in the same period. Consequently, we realized that we could increase by 10 0r 12 times our sales for Mustela (our key brand in dermo-cosmetic) thanks to this big potential of the market for our five business lines: Mustela Normal skin, Dry skin and Atopic-Prone skin care products, Mustela maternity skin care products and Mustela sunscreens for kids.

We also decided to conduct a survey to assess the awareness of our dermo-cosmetic products and we noticed that Mustela baby skin care enjoys the strongest awareness in the industry but the volume of sales is not as big as it should be. We also concluded that within our baby skin care line, Mustela diaper change cream is our flagship product and we knew that if we focused our investments on such product it would positively impact all others Mustela's lines. Therefore, we have strongly invested in promoting Mustela Crema Contra Rozaduras 1,2,3 and as a result we experienced a growth of approximately 23 percent in the other lines of Mustela.

Expanding on dermo-cosmetics, we identified a new business line for Mustela, which is targeting stretch marks and where demand is strong for pregnant woman. Therefore, we carried out several clinical studies to assess the effectiveness of Mustela and the results demonstrated that women using our product could reduce by 96 percent the probability of having any stretch marks in their body after pregnancy.

What is the breakdown of revenues in Mexico for each of your business lines and where do you foresee more growth?

I have recently presented the business plan of the Mexican affiliate for the next four years to our headquarters in France and we expect to grow from 14 million Euros in 2016 to 20 million in 2019, with a balanced portfolio and contribution to our consolidated revenues of 50 percent in rheumatology and 50 percent in dermo-cosmetics.

Considering the long-story of Laboratoires Expanscience in Mexico (since 2002) and the fact that skin care and rheumatology affect a large proportion of the population, what is your footprint in the public and private market?

Our entire business is currently developed in the private market but we have the intention to enter the public market in the mid-run with our rheumatology products. However, such objective is not considered in the 2017 business plan that we have recently presented to our headquarters.

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It is true that we are not strong enough to compete with Piascledine® in centralized tenders for the public market but we are angling decentralized public institutions such as Pemex security institution. Nonetheless, Euflexxa TA® has the medical chart to sell directly to IMSS, ISSSTE and all the other public health institutions. We are in process of developing our commercial structure to target such area and we will recruit a key account manager specialized in public market both for Euflexxa TA® and Piascledine®.

Laboratoires Expanscience invests around 4.7 percent of its revenues in R&D activities, how much of this innovation is translated into fulfilling national and regional needs?

Innovation is in the heart of Laboratoires Expanscience and, therefore, it is also an underpinning in our operations here in Mexico. All the innovation created in France is launched in Mexico but we also create local innovation in our affiliate that can be extrapolated to the rest of our branches.

I am highly satisfied about the innovation developed in our affiliate in Mexico through the aforementioned examples such as Orangelart. Indeed, we have been able to develop innovation in Mexico through three different ways: importing innovation from France, getting the license of an innovative product as we did with Ferring and developing a new product from scratch as we did with Orangelart.

Laboratoires Expanscience has 14 subsidiaries globally and two of them are in LATAM (Brazil and Mexico). What is the role of the Mexican affiliate across the entire region and what is its contribution to the global sales?

The contribution of the Mexican affiliate to the global revenues is around five percent but I expect to strengthen our positioning in the next years because of the aforesaid business potential in the Mexican market.

It is important to consider that currently around 51 percent of the global revenues come from countries outside of France and the corporate objective is to raise this percentage up to 75 percent in 2020. Internationalization is in the global strategic plan of Laboratoires Expanscience and our CEO, Mr. Jean Paul Berthomé, said that Latin America is one of the most important markets for Laboratoires Expanscience.

I am sure that Mexico will have a crucial role in the international business development of the company. In this regard, we have been enlarging our products portfolio in rheumatology to finish the year with three products as well as entering new markets in dermatology such as the one of stretch marks prevention and correction. In addition, we have started to focus on increasing our

exportations from Mexico to other countries in Central and South America such as Panama, Costa Rica, Venezuela, Colombia and Argentina.

What are the key factors of Laboratoires Expanscience that attracted you to the company?

Laboratoires Expanscience has been able to combine its strong growth in international markets with its local flexibility across all its different subsidiaries. Results of that are the different examples of local innovation that we have been able to develop within the Mexican affiliate as well as the growth experienced both in rheumatology and dermo-cosmetics based on effective and quick management decisions. Flexibility, creativity and speed in the management style are the factors that I enjoyed in this company and that make Laboratoires Expanscience unique.

http://www.expanscience.mx/

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