Interview: Philippe Sollie – Founder & Managing Director, Flen Pharma, Luxembourg

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02.12.2016

Tags: Luxembourg, Flen Pharma, Pharma, Pharmaceuticals, SME, Dermatology

Philippe Sollie reveals the inspirations behind Flen Pharma and how approaching dermatology from a pharmaceutical background has proved beneficial in building an innovative and competitive enterprise.

When you founded Flen Pharma 16 years ago, the company was based in Belgium and was headquartered there until 2012 when you decided to move to Luxembourg. Why Luxembourg – given the small pool of possible patients and the still developing life sciences sector from a research perspective?

Many onlookers often think my decision to operate in Luxembourg was related to economics. It certainly was not a financially motivated decision to operate in Luxembourg because Belgium has a large amount of financial incentives to base your core business there. I originally wanted to operate in Germany but quickly found it was far easier to find employees willing to work between Belgium and Germany (Luxembourg). It was also easier to create a multi-skilled and multi-cultural team without potential language barriers as Luxembourg citizens can speak French and German and some can also speak Dutch. This level of language capability is a rare commodity to find elsewhere.

In these 16 years of history, what have been some of the key steps in your development and growth that you would like to highlight to our audience? Maybe you could select

three?

Well the first step was the actual creation of the company itself. I did not start with a business plan and that's what's maybe unique about Flen Pharma. I am a pharmacist and still worked as such at this time. One day, the young daughter of a surgeon, a close friend of mine, was badly burned as a result of a horrific accident. She turned out to be allergic to an ointment which was common practice in those days for treating such burns. I contacted The Bone Centre in Antwerp and together we began looking for alternative options. After this personal crusade, my friend explained that with so much effort invested into this alternative solution, I should bring my new product to the market and that crucially he would prescribe it. I was a bit naïve in those days, as in reality it is far more difficult than one imagines to create a new company in this field… but that was essentially the inspiration. I am sure I would not take this approach today but I thought if this surgeon would prescribe it where were the drawbacks? As I said, I was naive. I managed to get encouraging feedback from the parents and grandparents of that child but it was only at a later stage that I became entrepreneurial in my approach.

Given I needed the product to treat burns, there was a clinical aspect to the business I was creating. I also needed a product to tackle the initial stages of burns which required a stronger anti-microbial property than my first product. I thus began developing a second product which was meant to be tested in a burn center and was initially also tested on patients suffering from diabetes. I was invited to see the results myself and was introduced as 'the man who made the cream' to a patient menaced by a massive amputation he had been able to avoid thanks to my product. I will never forget the eyes of that patient, so full of gratitude, when he glanced at me. It was almost as if I had saved him with just my product alone. This left a considerable impression on me and motivated me to continue on this way.

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When I started the company, I set up a partnership with Belgian UCB by which they took all the distribution and promotional aspects that I needed to be successful. The fact that they were willing and prepared to sell my product was not only a huge step forward personally but a considerable risk for UCB because I had no clinical data to give them. However, I was told that UCB could not sign an agreement with a "Mr Philippe Sollie"; they required a company name and that directly led to the creation of Flen Pharma. This was vital for me because I was able to generate an income from the very beginning. This also guaranteed my independence and I did not require loans or venture capitals.

The field of dermatology is dominated by giant sized companies such as l'Oreal, Pierre Fabre, Galderma… So how would you describe the niche you are working in and the unmet medical needs you are serving? And how have you managed to survive / stay independent in this ultra-competitive environment?

Well on the last point, I managed to remain financially independent and then naturally if there is no desire to sell, there is no sale. Our niche market is dermatology but specifically wound care. These huge companies operate within dermatology but not necessarily wound care. However, of course there are competitors for wound care. Some competitors are even FTSE 100s and others have diversified from acting solely as dressing specialists. Obviously, my company approached the market from a different angle as my background is in pharmaceuticals. Whilst, the healthcare system still uses certain ointments to treat patients, during this period there was very little innovation within the industry. The innovation that was taking place was focused on other diseases and with wound care innovation could have been mainly attributed to the improvement of dressings. This allowed my company to act 'under the radar' so to speak. Very few people outside Belgium knew about Flen Pharma. The lack of interest in a privately-owned company with very few products was perhaps predictable but it allowed me to build the foundations of the company people see today.

Tell us about your performance in recent years: What are your star / best-selling products?

Up until a few years ago, the first product (Flamigel®) I created was my best-selling product but now this applies to my second product (Flaminal®). The nice aspect of Flaminal® is that it kills bacteria by enzymes which are not cytotoxic and thus additionally supports the wound healing process.

Flen Pharma has its own laboratories in Kontich, close to the Antwerp University Hospital and the Antwerp University campus. Flen Pharma's aim is to discover and develop through its own research, better topical treatments that enhance the healing process and provide greater patient comfort. What are your current focus areas and which R&D projects are you working on?

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Without going into detail, we have an IP on anti-microbial enzymes. There are many other diseases related to the skin which occur because of bacterial infection. One must assume if the enzymes we use work on wounds, they must have their uses in other areas. Here is potential for diversification.

We are also looking at inflammation as every infection contains inflammatory elements. We evaluate the IP regularly and we have to determine whether we can assist in the treatment of certain diseases but now we are increasingly searching for mechanisms to influence inflammation.

Your products – Flaminal® Hydro, Flaminal® Forte, Flamigel®, Flamirins® and Extracalm® – are registered among others within the EU as well as in China, Switzerland , Israel and Saudi Arabia. We see that you adopt both the strategy of direct market presence in Belgium, the Netherlands, Germany and the UK, whilst working with distributors for certain markets, such as Mylan in France or Arrow Pharma in Australia. How would you qualify your internationalisation strategy?

When you start a company, you often make decisions based on intuition but as your company grows larger, you cannot afford to make decisions in this way. I have learned the value of market research over the years and the importance of asking relevant questions i.e. How easy is it to break into that market? How difficult is it to register your product? What is the reimbursement situation? From this research, you can target certain countries with the aim of distributing and selling your products. Distance is not necessarily a huge concern. For example, Saudi Arabia is a considerable distance from Belgium but I have been selling products there since 2003. This is because I had a contact there and was able to meet the potential buyers. I have also been selling to China for several years.

The ideal would be to have own affiliates nearby and have distributors in a few countries that are challenging and have strict regulations, but that’s the ideal!

You are today active in 3 key regions: Europe, China and the Middle East. How are you aiming to solidify your presence in these existing markets and expand this international reach further? If so, where?

The current focus of Flen Pharma is the development of two affiliates, one in Germany and one in the UK, which is looking very successful at this stage. We only created the affiliate in the UK (Flen Health) in June 2016 and we are outgrowing our own expectations. There is no Brexit yet but of course the growth of these affiliates is our priority. Given we are at the beginning of our operations in these two countries, we can develop naturally in what are both very stable markets. We can also exploit growing markets. The Middle East is also a big market for us and we are registered in the US despite not currently selling there. America should provide Flen Pharma with enormous potential once we begin selling our products there. We also have ambitions to look at South American markets. Essentially, the world is so big and at present we are still small. We do not face

the direct problem of needing to increase our market share in specific markets to grow. We carefully examine markets worldwide and decide whether the benefits outweigh the costs of doing business there. However, we have very limited resources. We live on what we earn. This year for the first time in our history we have taken a very modest loan from the bank to more dynamically move forward with our expansion. This classic pharmaceutical style loan poses no financial risk since we have no other financial assistance. Surviving on what you earn in this business is a challenge, but a challenge we accept.

What challenges have you identified?

If you are limited by your financial resources, you have to be careful with employment. You really need to make sure you have the right people working for you. I expect innovation inside the workplace from my employees which is more important than entrepreneurship in our field. It is a completely different philosophy working for a company like ours with 80 personnel in comparison to a huge pharmaceutical firm with 800 employees. One challenge we have is to structure the company in a way where we do not over engineer the firm. We need structure and we need good management. We cannot survive from entrepreneurship alone. Finding the right balance between innovation and concrete management is a consistent challenge we must get right. On this aspect, we are progressing well because we have very experienced Heads of Departments who are overseeing future movements within both our business and the industry. We have transformed into a real team. I do not take any decisions personally anymore without the consultation of others.

What will Flen Pharma and Flen Health (UK) have achieved within five years?

In five years' time, we will have three new products. In addition to new products, we will be selling to all the said countries through distributors and we will have a profitable business in Europe that includes Belgium, the Netherlands, Luxembourg, Germany, the UK and perhaps other EU countries.

A few words on Luxembourg to conclude?

Consider Luxembourg as a place to conduct your transnational business on a European or worldwide scale, because it is a small country with multilingual citizens and direct access to financial and political decision makers. Such ideal conditions though do not release you from internally promoting a driver for success, especially as SMEs build their strength on entrepreneurship. Being able to rely on a successful team is very important in a modern competitive environment.

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