Interview: Bernd Grabner – Board Member, Jacoby GM Pharma, Austria



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Bernd Grabner, board member of Jacoby GM pharma, a leading Austrian wholesaler, provides an in-depth look into the historical merger of family owned Jacoby, GM pharma and K

ögl Pharma as well as the moves being made to bolster a vertically integrated business model. Furthermore, he gives an overview of the diverse range of services they provide towards pharmacies and in third-party logistics.

The company has gone through a lot of change over the last few years. Could you please introduce to our international readers Jacoby GM Pharma?

The company exists today as a result of mergers between three privately owned wholesalers in the western half of Austria; Jacoby, GM pharma and Kögl Pharma. In 2013, Jacoby and GM pharma merged, and recently in 2015 there was a further merger with Kögl Pharma. Jacoby initially worked in veterinary products, while GM pharma and Kögl both having origins in the pharmacy setting; all in all, a diverse range of skill sets coming together.

Prior to the mergers all three entities were very successful domestically in their own right; therefore, the reason behind this decision was to bundle our collective power and influence to be able to work together to construct a positive future together, rather than competing to gain market share between us. Equally, we have been able to consolidate our operations, especially our warehouses and transportation systems, which fall under very strict regulations, both

internationally and locally.

If you look at the board you will notice we are the third generation of the stakeholder's families to be running the company, with our parents even today still playing an active role in business operations. We have a very family orientated atmosphere and this is how we endeavor to run the company well into the future.

What challenges did you face when bringing such large Austrian powers together in such a short period of time?

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Not many! Firstly, prior to coming together all three companies were always in a close-knit collaboration and internally we had the same IT system for around 20 years. It was a simple and comfortable process. Moreover, we did not decrease the amount of staff as we see our employees as an asset and a valuable way of growing and developing a company to be proud of – and to some extent – we have a social responsibility towards the Austrian workforce.

Secondly, all three companies have always historically been located in the western half of Austria. When erecting new warehouses, or setting up any new business center, you must invest a large amount of funds to conform to tight regulations. Therefore, it was in our best interest to remain in close proximity to our pre-existing set-up.

What are the strict regulations surrounding transportation?

The European commission has implemented strict regulations around gross domestic product (GDP), though, before this law was enforced we already had put in place these procedures for ten years. These laws focus on temperature control, transportation, risk management, quality management of transportation and documentation.

In Austria, we have an exception due to an agreement between the authorities, manufacturers and wholesalers which states; for a certain period of time, 12 hours, you can exceed the temperature on the pack, up to five degrees. In summary, all these changes were implemented long ago in 2007, but we must continually monitor, maintain and invest in innovative equipment to display our reliable and high standards of transportation for our partners.

In 2012, you opened the ABC blister center. Is this a push to establish a more vertically integrated business model?

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The ABC blister center was the first occasion Jacoby and GM Pharma collaborated, and was the foundation for the merger between the two companies. We see blistering over the last few years moving across Europe, from north to south, with many Scandinavian countries performing the procedure. and now we want to get in on the act as it is a constantly growing trend.

Furthermore, we have diversified our manufacturing capabilities over the years in fields such as homeopathic medicine, nutritional supplements and cosmetics; mainly in private labels for public pharmacies.

You are already a very large domestic company that has taken a real foothold across Western Austria. What do you see as the future market trends in the wholesaler ecosystem?

From a Jacoby GM Pharma perspective, geographically we have expanded to Hungary, Croatia and Slovenia, though we understand through our experiences that the wholesaler environment in one country, even just across the border in Germany, is completely different to here. In Austria, privately owned wholesalers have a larger market share than any other European nation. We see the domestic wholesaler market very heavily regulated and there is not a huge amount of room for growth in this field. We are very reliant on our competitor’s actions and the market trends.

Over recent years in other nations, such as Germany, there has been a real push for wholesalers to consolidate their position due to competition and cost pressures. Nevertheless, I do not see this trend occurring in the Austrian market over the upcoming years.

What services do you offer that differentiates Jacoby GM pharma from its competitors?

We now see a trend that more companies are using our services to assist them to navigate the complex systems that have been put in place. We perform tasks along each step of the process for our partners from regulatory work and registration to permission, distribution, legal framework, stock monitoring and even our own sales team for OTC products. Furthermore, we control emergency stock levels, which is a legal requirement within Austria. If you take a step back and look at the bigger picture, it is a full-service package, one-stop shop approach.

As you move forward, what is the next exciting step for the company?

For our service business and third-party logistics, we are searching for small to medium sized business as we see this as our niche in the market. In this area, we are not here to convince manufacturers to come to Austria, but to make it as attractive as possible and assist in every step along the journey.

In wholesaling, we will continue to work with all companies – although – this is changing as many large manufacturers have begun dealing directly with pharmacy chains. We currently stock all the requirements of a local pharmacy, which is some 30000 different products, not only in drugs, but medical devices, cosmetics and nutritional supplements. We must ensure that we are able to deliver to pharmacies their daily needs, so Jacoby GM pharma remains their number one choice. Moreover, if a manufacturer offers a product not currently present in our portfolio, we strike up negotiations to bring their services to the Austrian market.

From a pharmacy aspect, what makes us really interesting for them is not just supply management, but we manage all the systems that encompass their daily activities. This consists of private labeling, blistering, finance consulting, accounting for around 100 public pharmacies and the running of about 200 public pharmacies IT networks. Furthermore, pharmacies can monitor stock levels via digital systems, monitoring what we currently have in stock and when the next shipment is due. In this regard, we are way ahead of the European pack, having this technology ten years before even Germany. All in all, you can see why pharmacies enjoy using Jacoby Gm Pharma; we are their one-stop shop.

As Jacoby GM Pharma goes from strength to strength, how important is it to maintain family roots, which have been the real backbone of all three merged companies over the years?

For me it is extremely important to know the people I work with, both professionally and personally. This is quite an effort, especially as the company grows and it becomes glaringly more difficult; nevertheless, we must sustain this harmonious family atmosphere. My colleagues must trust my decisions to maintain an authentic relationship, and vice-versa. This is made easier as all the board members are around the same age, and hopefully as we move forward we can continue to maintain the same values, dedicated to moving Jacoby GM pharma towards a positive future.

What are the ambitions and aspirations of the company going forward?

This depends very much on how the environment develops. We definitely will continually develop the services we provide, in particular, pharmacy services, where we see an increase in competition as all wholesalers attempt to bring the one-stop shop approach to the Austrian Market.

Above all, the future is about bringing stability to a company that has gone through such an exciting revolution over the last few years. As a company, we must be patient in our approach and take advantage of the opportunities as they come. We are extremely proud of the company we have built thus far, and we are excited for what lies ahead.

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