Interview: Benjamin Rousselot – Vice-President Strategy & Corporate Development, Laboratoires Diepharmex, Switzerland



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Benjamin Rousselot of Swiss ear hygiene specialists Laboratoires Diepharmex discusses the history of the company, new products, and the pros and cons of 'Swissness'.

Laboratoires Diepharmex is a Swiss-based, family pharma outfit, established two decades ago and today very well known internationally for its ear hygiene product line, Audispray. Can you please introduce the Diepharmex success story to our audience?

My mother Colette Nouvel-Rousselot founded Laboratoires Diepharmex in 1998 and has managed the company for over 20 years. Before that, she managed for more than 20 years another pharmaceutical company – Doms Adrian – that my grand-father Lucien Nouvel had founded in 1948 and that was at the time based in Paris, 100% focused on the French market and mainly on ENT drugs (throat care, cough and cold, etc.). The company was then sold to Italy-based Recordati, which then became Bouchara-Recordati. Still today, the latter group markets products that were developed by Doms-Adrian such as Hexaspray. As one can easily notice, our family therefore has a long tradition in the pharmaceutical sector.

When Laboratoires Doms-Adrian was sold to Recordati, Colette Nouvel-Rousselot decided to establish Laboratoires Diepharmex in Geneva in 1998. She decided to leave Paris, although France remained our flagship market and actually still is today. We basically created the ear-care market

from scratch, focusing on preventive care in the first place, with our patented product Audispray. Retrospectively, I must say it was a brilliant idea, as competition was somewhat non-existent in France and all across Europe. Back then, our main and historical rival was Ceruspray from Bausch & Lomb (formerly Laboratoires Chauvin), but it was rather marketed as a prescription product, through medical detailing, to remove earwax plugs. We decided to focus on the OTC market with an aggressive B2C marketing approach, thus heavily communicating to final consumers through TV, which proved very successful back then. At the beginning, we had large marketing investments in France of course, but also across Europe. The go-to-market strategy was simple but effective: in each country, we partnered with a major advertising agency to coordinate marketing campaigns, and a pre-wholesaler to secure distribution. Demand from our final consumers was then triggered through TV media.

Today, the company operates in four main markets in Europe: France, Spain, Germany and Italy. Those four markets amount for about 70-75% of company revenues. We make sure that we build on these countries and maintain market share there.

In 2016, Diepharmex launched a fresh product line called “Micro H” for the treatment of haemorrhoids. How successful has this rollout been and what was the logic behind targeting this rather different therapeutic area?

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I think it is very important to highlight that at Laboratoires Diepharmex, we have a very strong culture based on innovation. We seek to develop and market innovative products. Audispray was very innovative back then since, as I mentioned, our company was the very first to launch and develop the ear care market. The situation was of course different for Micro H as the market exists since long. However, based on our market research, we identified an opportunity for innovation in the pharmaceutical form of the product. Micro H is indeed presented in a single dose form, contrarily to all other available products available in cream tubes, not very hygienic nor convenient. Micro H is a high-end OTC product line with a very distinctive pharmaceutical form that fosters convenience and ease of use, in addition to proven efficacy. Our product line is now available in France, Italy, Finland and Portugal, and we are looking to roll it out in a selection of other European markets in the near future. Our range also encompasses a second reference called Micro H Wipes for preventative care. Again, it is the only product in its category presented in such a form. Both references are available OTC in pharmacies and drugstores.

Why did you join the company two years ago?

I was previously based in Paris working in consulting. Although I do not have a pharma background per se, I was exposed to the sector through my clients and of course my family since my early age. I decided to join Laboratoires Diepharmex in 2016 as I felt the company was at a major turning point, rolling out its new Micro H product line and securing its ear care market leadership in Europe. I felt very excited about the challenge and did not take long to make up my mind.

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Our growth plan for 2018-20 is based on three pillars. The first priority is to gradually transform our business model in Europe, especially in our four main markets (France, Italy, Germany and Spain), but also in smaller areas in Eastern Europe such as Romania, Bulgaria, and Hungary. For instance, Laboratoires Diepharmex is now considering strategic partnerships, including licensing, co-promotion, co-marketing, etc. Our second priority is to further extend our product portfolio. The company has a number of products on shelf, and our team is currently reviewing suitable markets for launch. Our upcoming products are developed internally at the moment thanks to an in-house R&D team, but manufacturing is 100% outsourced. Our third priority aims at growing sales outside Europe. Historically, Europe is our domestic market, where we market our products in about 20 countries and have a good market share in most of our European countries. We also have a few markets outside Europe, including Vietnam, Hong Kong and Tunisia. To meet our growth ambitions, Laboratoires Diepharmex is now set to further expand in Asia, the Middle East, and North Africa.

How are you going to tackle such markets?

Historically, our distribution model was based on exports from Switzerland. Now, our company is willing to find distribution agreements with local partners to better tackle market specifics and dynamics.

Diepharmex prides itself for being a nimble structure with a family ownership. What benefits do you think this ownership brings to Diepharmex, and what would you say are the challenges of being an SME in Switzerland today?

I think our major strength is our very fast decision-making process. Our management model is collaborative, and it is my duty to make sure that everyone has the opportunity to bring new ideas to the table. Usually, it does not take long for our management team to decide whether to work on a new idea or not. Most of our competitors are Big Pharma companies. In France for instance, Laboratoires Diepharmex competes with the largest: Sanofi, Bayer, Pfizer. Typically, these companies tend to have a longer decision-making process. We know that being 100% right the first time is challenging, but we also know that being faster than competition brings us a market

advantage.

As a small company, our main weakness is that we usually have to tackle several things at the same time. At the outset, the team was so small that people would work on many different aspects of the company, taking care of marketing, supply chain or regulatory affairs. Now, I spend much of my time preparing the company for growth, including organizational levers such as streamlining work scopes and making sure that we have the right people at the right place with the right tools.

What are two or three of your main objectives for the short to medium term?

Being part of this family company, my very top priority is to sustain the business, and making sure we achieve our growth targets in the predetermined timeframe. I am deeply convinced that there is still a place for small family-owned companies in the pharma industry. However, we have to find our own “sweet spot”, also meaning increased outward focus and reliance on strategic partners to boost growth.

How financially solid is Diepharmex today?

It is not a concern, and it has not been a concern since the beginning. I am very proud to say that even as a small pharma outfit, we have robust financials. That said, we have to bring more structure in how we steer the company financially. I am open to discussion regarding the options at hand, although I want to make it clear that the company shall remain family-owned. In fact, the entrepreneurial and family culture is part of our DNA and reflects positively on our daily work.

One of the limitations of the company’s previous business model was that it was mainly inward looking and did not really consider strategic alliances until now. It is my duty to review all options fostering the business in the most sustainable and efficient manner, should it be with partners, external investors or alone.

What does it mean for you to be Swiss?

On the negative side, I would say that it is a high-cost country, especially for manufacturing. It is not really a concern for us since most of our suppliers are located in other parts of Europe, e.g. Italy, Spain and France. I am speaking more generally and for the country as a whole.

We are however very proud to say we are a Swiss-based pharma company, especially in terms in reputation. The Swiss reputation in the pharma industry is second to none. I receive positive feedback on a regular basis on our products and also on the fact we are based in Switzerland and in the midst of this extremely dynamic pharmaceutical scene. This is one important aspect of being a Swiss company. In terms of cultural diversity, I think Switzerland is a plus, especially for talent

management and recruitment.

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