Pierre Moustial – CEO, URGO Group, France



Newcomers will enter through the less regulated part of the business and climb up the value chain to compete with us, in the same way that Tencent in China started with the mobile application WeChat and now owns a couple of hospitals in the country

26.11.2018

Tags: France, Medtech, URGO

Pierre Moustial, CEO of URGO Group, explains the life-changing advancement in wound care treatments that URGO has been providing to patients all over the world as well as his upcoming plan to establish the company as a global leader by developing more innovative solutions in wound care and sleeping disorders.

On being nominated global CEO of URGO, what course did you chart for further developing and growing the group?

Initially, URGO started out as a consumer health company and was able to establish some well-known brands especially within its home market. Four of them are actually part of the top ten healthcare brands in France – namely Juvamine®, Mercurochrome®, Urgo® and Humer® / Humex® – which enjoy such strong brand awareness that we cover at least 90 percent of the market in each respective segment. We are also unique in the way that we are present across all the distribution platforms, including supermarkets. Indeed, URGO was one of the driving forces behind the inception of the para-pharmacy corner in many French supermarkets. The introduction of Juvamine® followed by Mercurochrome® and Marie Rose®, has very much helped to establish us as the de facto French leader in para-pharmacy in the supermarket bracket. I entered the company back in 1996 and was initially charged with introducing the Super Diet brand. This line of products is nowadays a mainstay in dietic stores as well as many health food sections.

In 2006, I was elevated to the position of CEO. At that time, we already boasted a very strong presence in consumer health and UrgoTul®, the star performer of our in-house start-up, URGO Medical, was also gaining significant traction. My vision, from the outset, was to set the company on the global stage and transform our image from a local innovative player to a very high-premium technological heavyweight with global reach. We first decided to focus on building up our wound care segment by introducing the concept of healing into the market. We quickly realised that critical aspects of wound care were simply missing and not enough attention was being given over to local care. For example, doctors cannot deliver a holistic approach to diabetes if they don't properly manage the complication of Diabetic Foot Ulcers (DFUs). We resolved to transform the paradigm of wound care through the introduction of technologically advanced dressings that don't merely manage the wound by covering and protecting it but simultaneously have an impact on accelerating and improving the healing process.

So, in a sense, you proved able to uncover an entirely new segment of the wound care market?

Absolutely. URGO emphatically does not want to be producing me-too, copycat commodities for the market that can only compete on the price. We seek to create unique and high-value products that attend to unmet needs. To do so, we needed to invest in the development of blue-sky innovation with all the risk that this entails. This was, quite frankly, a bold step. It implied ever-closer engagement with the scientific and research communities and indeed we have subsequently created more than 25 partnerships with educational institutions that have, in turn, exposed us to fresh materials, technologies and ideas.

URGO Medical constitutes an interesting success story for the group. Can you please introduce the start-up to our international audience?

Back in 2010, one of our staff developed a game-changing wound dressing product incorporating the use of a flexible lipido-colloid contact layer. When in contact with wound exudate, UrgoTul® gels and creates a moist environment that promotes healing. In contrast to competitors such as Tulle Gras, the beauty of UrgoTul® is that it stimulates fibroblast proliferation and ensures non-adherence and pain-free dressing changes thus making it considerably more patient-friendly. Nurses and patients alike were hugely satisfied with these 'soft removal' characteristics and therefore we decided the time was ripe for the creation of a new medical devices company inside

the group, URGO Medical, dedicated specifically to the design of advanced wound care and compression technologies.

This start-up entity has achieved fantastic growth and is this year generating revenues of approximately EUR 300 million (USD 341 million). Last year we actually became the second largest player in Europe in this space by market share. Moreover, having built up considerable expertise in the treatment of wounds and damaged tissues using high-tech dressings and compression bands, we are now internationally recognised as a pioneer of latest-generation wound technology.

How have you managed to cement such a reputation?

Well, we decided to focus on the most difficult to treat chronic wounds such as DFU and venous leg ulcers. We also started double-blind clinical trials in wound care as we wanted to uncontestably prove that we were healing wounds faster than our competitors. First, we made a proof of concept on leg ulcers and then, we embarked upon studies around DFU. We had learned that around 500 clinical studies were made on this pathology and all had failed except for the skin substitutes solution, which is a bigger intervention requiring a surgery. However, last year, with the results of the clinical trial EXPLORER [1], we were the first company in the world to succeed in our proof of concept for DFU, showing that we had reduced the time of healing by 60 days and increased the closure of the wound by 2,5 times.

We received many awards and certifications for this combination between a dressing and a healing matrix, in particular, the publication of EXPLORER clinical trial in the LANCET Diabetes & Endocrinology. We have already started the European distribution of the product and are looking forward to expanding out into the biggest medical device markets in the world including China, the USA, Australia and India. URGO Medical is explicitly striving to become the market leader in wound care in Europe and the leader of DFU products globally, so we seek to enter every country that can bring us value and where the DFU and chronic wounds segments are important. The idea is to establish presence either via distributors or partnerships.

In less than a decade, URGO has expanded from 10 to 22 subsidiaries around the world. How would you describe the group’s internationalization strategy?

We aim to position URGO not only as a French or a European company but also as a global company with a presence across most markets. When we first started our big expansion plan back

in 2010, we made quite a few mistakes as we were simultaneously endeavouring to handle a large diversity of targets and markets. We had acquired companies all around the world in Brazil, Colombia, Poland, India, and Italy to name but a few. We were highly successful in Colombia where we acquired a company with three stand-out, high-performance OTC brands. However, after five years, we paused the expansion process in order to take stock of our progress, reflect on our past actions and determine the optimum direction forward.

We are very pragmatic so we passed through a divergent phase during which time we entered many markets and we are now in the midst of a convergent period when we are stopping our progression in certain markets where it has not been possible for us to break into the top three. As a rule, for consumer health, I do not believe in entering far-flung markets with a foreign brand as local companies are often endowed with a strong legacy and brand recognition factor, so the name of the game is more about identifying which are the equivalent brands to URGO's and acquiring them. It is undeniably a very opportunistic approach, but one that has worked very well for us in the past.

For our DFU advanced technologies, on the other hand, he we seek to go wherever there are unmet needs.

URGO Medical and the Texan entity, SteadMed, are merging their North American activities to become a leading player in the advanced wound care market. How significant is this incursion into the prize US and Canadian markets?

With regard to the US market, we had the chance this year to meet with SteadMed and realised the clear synergistic value of merging the two companies. We now constitute the majority shareholder of the new entity called URGO Medical North America. SteadMed essentially possessed two core products that complement our current wound care portfolio perfectly. We share the same strategic goals for the market in terms of distribution and their presence in the Canadian market can be an interesting line of investment moving forward. With URGO Medical North America, we took the courageous decision to change the name of the brand in the USA. Previously called Restore, we have now reverted to the URGO name and we are currently building up brand resonance across the marketplace.

The USA market means a lot for us as once you succeed in the USA, there is this psychological effect that you are now one of the leaders globally. This market is also strategic as the DFU sub-market is deep and the diabetes prevalence very high. We are positive that our primary intention

products can bring immense value to the market in terms of generating cost savings as we can treat people before they require expensive procedures. Finally, it is a very innovative market that can help us gain knowledge on the upcoming innovations in our sector and help us develop our product portfolio further.

We understand your Group's latest in-house start-up is called URGO Tech and is helping you to establish a foothold in neuro-technology. How is that going?

Absolutely. Following on from the dramatic success of URGO Medical, we have resolved to establish additional internal start-ups that will help keep us right at the forefront of breakthrough healthcare innovation. URGO Tech is active in the sleep disorder segment and strives to put neurosciences and technology at the service of muscle and mental re-education.

We noticed that many patients are finding themselves having to take drugs with very strong side-effects to be able to sleep. Our approach is to change this paradigm by aiming to manage sleeping disorders with a physical approach. We have looked at the neuroscience field and we have seen that neurofeedback treatments can train the brain to establish the right wave to sleep faster and better. We have started developing neurofeedback technologies, first for sleeping disorders, but we are also looking to expand into treating child hyperactivity as well. This new product, UrgoNight®, is now at the stage of clinical research for proof of concept and we are planning to commercialize it first in the USA, potentially towards the end of next year.

Last year, URGO also launched its Mentorship Program. The idea was to design a tailor-made support program for start-ups in medical technology that would allow us to impart our knowledge to those that need it and simultaneously serve to keep us on the ball and abreast of emerging trends in disruptive innovation.

You have been increasingly pivoting towards external markets with almost 50 percent of turnover now coming from abroad. Does it still make sense to retain such a strong industrial footprint in France? Is there not an increasingly obvious mismatch between investment and ROI?

Indeed, we are highly conscious of our French roots and heritage and have been staunch in our willingness to invest deeply in the industrial fabric of our home market. Some 80 percent of our global production is performed by our own factories and 4 of our 9 production facilities are located

here in France. It is somewhat paradoxical that despite employing one of the most expensive workforces in the world, through our commitment to France, that we encounter such difficulties trying to navigate the reimbursement process of our home market.

For example, looking at the introduction of URGO Medical's portfolio in France, the most recent product entered the market three years after its launch in Germany and the UK. It is even more complicated for younger medical devices companies who cannot enter the French market as easily as they should, which strongly undermines their survival prospects, because they cannot use strong performance at home as a shop window when exporting their products around the world. They lack the credibility of their own market and that inhibits their development.

Where do you predict your future competition coming from?

I am not sure that our current competitors will be the healthcare competitors of tomorrow. Indeed, we have to be aware that many companies are interested in our sector and that the regulation does not protect the current companies from new competitors. Newcomers will enter through the less regulated part of the business and climb up the value chain to compete with us, in the same way that Tencent in China started with the mobile application WeChat and now owns a couple of hospitals in the country.

Pharmaceutical companies will always make high-quality products, but it is not certain that the value will be there. I am convinced that there will be a dramatic change within the industry. The healthcare costs are not sustainable with the explosion of chronic diseases and the system is not adapted to cater for all patients. Therefore, there will be a need for new treatments and preventive actions. Disease management and health monitoring will become very important in the future as well and I believe further solutions will be defined to better cater to these emerging needs.

There is, as yet, no French company within the top 30 medtechs worldwide despite the country exporting some EUR seven billion worth of medical devices each year. Can URGO become that company?

We are a family-owned company and don't want to grow at the expense of dilution of the ownership. That would be well above our financial capabilities. We don't have any debts and will not go to the stock market. Already we have the in-house firepower to acquire companies that round out our brands or deepen our expertise as we set about our goal of becoming a world-beater

in our niche category. The idea is not to pursue M&A simply for the sake of size or to make ourselves into a conglomerate. We are far more concerned with depth than width. The ultimate goal is to become an iconic world champion for healing chronic wounds, to strengthen our leadership in consumer healthcare and become a strong player in neurotechnologies.

[1] Edmonds M, Lázaro JL, Piaggesi A, et al. Sucrose octasulfate dressing versus control dressing in patients with neuroischaemic diabetic foot ulcers (Explorer): an international, multicentre, double-blind, randomised, controlled trial. The Lancet Diabetes & Endocrinology. 20 December 2017. Online

See more interviews