Joaquín Vilá – General Manager, Lab Seid, Spain



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Lab Seid is a family owned pharmaceutical company based in Barcelona, specialising in branded out of patent products in the field of women's health. Seid's general manager, Joaquín Vilá, discusses the turnaround of the company since taking over in 2011, and the strategy behind its consolidation around gynaecology. Vila also maps out Lab Seid's international ambitions to license out in North Africa and the Middle East.

Can you introduce yourself to our international audience?

I have been at Lab Seid for the past eight years. My background is not pharma, and I previously worked in the banking sector. However, through a series of circumstances, I arrived in the pharma sector.

Seid is a family business that has existed since the 1980s. I am taking care of the company and the interests of two branches of the family. Although I am part of the family, I do not have shares in the company. Even though it is a family owned business, we maintain high levels of professionalism, keeping a board of directors which represents the quotas of each family branch. In order to uphold transparency, I am not part of the board either.

What is the offering of Lab Seid in the Spanish market?

What we produce are branded products which are out of patent. We have the technology in our factory in Barcelona. Our strategy is to always have our brand present. We also produce some medical devices, along with food supplements. We use molecules where the patent has expired and so is no longer price controlled.

In Spain, our products tend to be sold through the private hospital space. We have 3-4 main groups which are private hospitals such as the Institute of Fertility in Valencia. Together these customers control most of the market.

We have encountered a quick turnaround of the company, establishing us as a key leader in women's health in Spain. We have around 70 employees. In Barcelona we have 40 people, and the remainder are the sales force across the 17 autonomous communities.

How has the company evolved since you became the general manager in 2011?

When I arrived in 2011, we were in a different situation, both at Seid and more generally in Spain. This was the middle of the crisis and we required strong financial work to maintain a strategy in terms of consolidation of our competitive advantages. It was evident that we should focus on what we did best – gynaecology and women's health. Therefore, we invested significantly in the factory, and most importantly in our people. When I arrived, we had only 45 employees, and have now grown by 50 percent.

We have increased our sales growth and profitability to take care of this investment. Our revenues are currently EUR 13 million, but we come from EUR 7 million. Thus, we expect to have doubled the revenue by 2020 from the value when I arrived.

Investment in R&D is very difficult. We are not investing in clinical trials as this will require huge investments that we are unable to make. Moreover, the success of clinical trials, even for large companies, is uncertain; even some of the largest companies are refraining from investing in clinical trials and are more focused on acquisitions in the market. Consequently, we invest in R&D, but in different ways, like investment into clinical areas and indications within the field of gynaecology where we have found greatest potential through data and analytics.

How competitive is the women's health sector?

The market is very competitive since there are many companies and the sector is overwhelmingly a business of midcaps. The largest player in Spain is the Italfarmaco group, a family owned Italian company with a EUR 500 million turnover generated mostly across Spain and Italy. They lead in the field of gynaecology. There are also some major multinational players, but these are mainly in the fertility sector rather than gynaecology, such as Merck, MSD, Ferring. We have some fertility products but limited to the food supplement sector. We do not have pharmaceutical products in this sector, given the challenges in competing with these three-dimensional international companies. The IVF business is in the hands of 3-4 companies possessing very innovative and expensive products which require large amounts of clinical data and clinical trials. Consequently, the barriers of entry are extremely high.

How do you carve out a market share for yourself?

We have a clear strategy and focus singly on the women's health sector. In contrast, the competitors may spread themselves across 4-5 different therapeutic areas. We have a salesforce of 27, plus two area managers in Spain, focused solely on women's health. We have one of the top five salesforces in Spain for gynaecology. This makes us able to be as competitive as larger companies in this sector. We are experts in what we do and can thus do more with less. Within the areas that we touch, our expectations are to be within the top three in terms of sales and are leading in some cases.

How do you deal with market fragmentation in Spain?

This is of course a huge problem, not limited to Seid. However, since gynaecology falls under the remit of the private sector, our products are not financed by the Spanish social security. Most of our products are therefore not reimbursed and the fragmentation across the 17 autonomous communities does not affect our products. While it is a regulated sector, we make an exerted effort to circumvent these regulations. Consequently, we currently have only one product that is covered by reimbursement. This has been a deliberate strategy and has been very easy to follow given that the sector has been concentrated in the last five years due to the constraints of the Spanish budget.

What are your international ambitions?

We have some personnel already investigating opportunities in other markets. As the pharma sector is very regulated, it is difficult to go abroad with your products, especially in Europe. In the main markets in Europe such as Italy, France and Germany, the products that we have are already present. There is potential in Latin America, which indeed has a common language. However, geographic distance remains problematic. Thus, we see the greatest scope for potential in the Middle East and North Africa, particularly in Algeria and Egypt. Africa will become a strategically important market in the future.

We are very conservative as a family owned business. Thus, internationalising is tricky. Many Spanish companies have attempted this but have failed to succeed. As a result, our strategy is always to license out our products. We are not considering establishing our products in other places at this time. The dynamics and regulations are different, so the success in Spain is not evidence for success in other markets. International investment means losing money for many years before being able to generate a profit, so licensing out is the best way to minimise the risk to a distributor risk.

What are the next key objectives for Lab Seid?

We want to consolidate our market position in the areas where we are not yet leading. We have analysed the dynamics of the categories and we still have a lot of room for growth in the field of gynaecology. We could also diversify our offering somewhat. At the moment we are very doctor driven in the sense that our key prescriber of the products is the doctor. However, there are 22,000 pharmacies in Spain and a significant market for women’s health exists solely in the pharmacy. Some companies do not target the doctors at all for their gynaecology products and instead target the pharmacies through marketing and advertisements. They are able to sell their products as the pharmacists in some cases, have a tremendous prescription or recommendation power.

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