Berit Lindholm – CEO, Bluefish Pharmaceuticals, Sweden

At Bluefish we believe that price competitiveness is not the only key success factor in the generics business

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Founded in Sweden in 2005, and with operations in 13 European countries, Bluefish Pharmaceuticals has become one of the world's most progressive generic pharmaceuticals companies. CEO

Berit Lindholm explains how Bluefish strives to compete on service rather than price by being a reliable partner to health authorities. She also emphasises the role of talented people able to take fast and flexible decisions in the continued commercial success of the company.

Could you start by introducing our international readers to Bluefish Pharmaceuticals?

Bluefish focuses on the development, manufacture and sale of high-quality generics in all major therapeutic areas. For a long time, Bluefish was the only Swedish generics company, something which we are really proud of and makes us unique in the pharmaceutical industry. The company was founded in 2005 by Karl Karlsson, a Swedish entrepreneur with no previous background in medicine or the pharmaceutical industry. He was bold enough to enrol in a regulatory course, register the first product and build a team of experienced people that founded the company.

Today, we are 130 people strong and offer a portfolio of about 80 products in 13 countries. Outside of our headquarters in Stockholm, we have opened seven subsidiaries throughout Europe in Austria, France, Poland, Portugal, Spain, Germany and Ireland. Except in Poland where we have our own salesforce, we operate mostly on a tender basis. Moreover, we have our own development

team employed at our technical centre in India, with expertise in the supply chain, formulation development, IP and quality assurance.

How has Bluefish been performing in recent years?

Bluefish has been growing rapidly over the past five years. Currently, the Nordics, Germany and Poland are our largest markets. Recently, we have been performing extremely well in Germany where we are number two among or three with our best-selling products. The same goes for Sweden where we are number three in the product category. In 2017, we opened an affiliate in Ireland as our local distributor was not keen to expand our portfolio, which turned out to be a great decision. Ireland was our fastest-growing market last year as we were able to capitalize on stockout opportunities for certain products. This year we are already ahead of sales targets.

At Bluefish we believe that price competitiveness is not the only key success factor in the generics business. For payers, having a stable partner who can reliably deliver high-quality products is equally as important. At the end of the day, low prices are irrelevant if products are not available on the shelves. We stand out by offering a 95 percent service level which is unique in the generics industry. As a result, an increasing number of stakeholders recognize us as a dependable partner they can trust. We often receive calls from health authorities asking us to help them with a stockout situation. We try to stand out by doing what the others do not. This is how we keep growing. I think that in the long run, competing only on price in generics is not sustainable. We need to have other values.

What have been the key learnings from your internationalization journey?

When Bluefish started to internationalize, the company operated under the belief that the same model would work everywhere and tried to run most of the operations from the Swedish office. The company learned the hard way that each system is different and presents its unique complexities. At the time, Bluefish operated in 19 countries, but we are now down to 13. We realized that in order to succeed, we need to hire local talent with good knowledge of the local market and an entrepreneurial spirit. As we have limited resources, we cannot afford to hire a large salesforce and invest in marketing campaigns. Instead, we set out to find and hire result-oriented business developers with an unorthodox approach to sales. We reduced our geographical footprint, withdrawing from certain countries and with time revitalized our operations. In Denmark for

instance, we struggled for a while as the pharmacies implemented an unfavourable system. We then hired a Danish lady who turned things around and made us profitable again in the country. Our country manager in Ireland, Keith Hynes, is the embodiment of an unconventional senior business developer. With his mindset, we dared to say yes to opening an affiliate in Ireland. In Germany, our country manager Daniela Stoppel has managed to deliver strong grow year-on-year. During the first half of this year alone, sales grew by a whopping 47 percent. I think finding the right talent is the key to success.

In recent years, Bluefish has started to develop its own generic products. How do you identify products with a high chance of success?

Since opening our development labs in India in 2015, we have launched three products on the market and plan to launch one or two products a year going forward. I cannot say we follow a magic formula. Of course, as a small player, we cannot compete in markets already dominated by global generics giants. We must invest very carefully and take one step at a time. We are flexible when choosing products to develop, either pursuing niche products or commodity products depending on the situation and our competitive advantages. The key lies in close collaboration between our country managers who know their markets inside out and IP specialists who can evaluate the lifecycle of a product based on different factors such as the patent expiry date, the evolution of the standard of care, and the potential introduction of new treatments. Our strength is that we are swift-footed and open-minded when making decisions. Above all, the key to success is the quality of people we hire.

How do you ensure Bluefish is able to reliably deliver cost-efficient medicines of the highest quality throughout Europe?

We have implemented the LEAN principles to minimize unnecessary steps and empower people to make decisions at the lowest possible level. Being agile and lean reduced the lead time in our supply chain.

Moreover, we adapted our procedures early-on to comply with the serialization requirements of the EU’s Falsified Medicines Directive. Other companies did not do their homework and went out of stock which gave us some advantages. In order to comply with the new law, we hired a dedicated project manager and decided on a system early on. Since we work with a lot of CMOs, we chose to

go for the most established and largest track and trace network system called TraceLink. Since about 60-70 percent of our CMOs use TraceLink, it was easy to onboard them as we speak the same language. Even though it is slightly more expensive, it is well worth it.

What are the advantages of being based in Sweden?

In Europe, Sweden stands for good quality and is associated with this Swedish brand gives us an edge. Moreover, being based in Sweden is obviously an advantage to successfully compete in the Nordic region as we have first-hand access to knowledge. However, being based in Sweden presents its own set of challenges, especially when it comes to finding and recruiting talent. The talent pool in the life science industry, especially people with experience in the generics industry, is smaller than in other countries. As a result, we have recruited people from all over the world. Some of them have moved to Sweden, while others are based in other countries and work from home. For instance, our head of marketing is a Danish citizen based in Switzerland, and we hired a Bulgarian person who moved to Sweden to oversee new launches.

Sweden has among the lowest pharmacy prices for generic medicines in Europe. How do you successfully compete in this pressurized environment?

I think the reason we are successful in Sweden is that we did not give up. Due to the tough pricing environment, other companies have come and gone but Bluefish stays. Of course, in some cases, the Dental and Pharmaceutical Benefits Agency (TLV) set the list price for certain products so low that we had no choice but to withdraw. As opposed to global generics companies, Bluefish cannot afford to sell at a loss. However, we are able to compete since we do not have a salesforce. Instead, we have one employee running Sweden, an industry veteran who understands the market dynamics and can react quickly.

One of the keys to the continued success and growth of Bluefish will be to continue developing partnership models for licensing and distribution. How have your partnerships evolved over time, and how do you attract new partners to Bluefish?

At the moment, we do not want to increase our complexity in order to stabilize our cost structure. As a result, we aim to strengthen our collaboration with existing partners rather than bringing new

ones. For instance, if we identify products we would like to in-license which current partners are able to provide, we will prioritize them. We focus on partners with a reliable supply chain, good communication, and located in Europe because sourcing outside Europe adds lead time and complexity.

Prior to joining Bluefish, you had an extensive career in the pharmaceutical sector, mostly at AstraZeneca. How have you leveraged your past experiences to ensure the successful implementation of Bluefish's business model?

When I first joined Bluefish as COO, the company needed structure in order to spend less time and energy on repetitive processes. For instance, placing an order should not be an adventure every time. Working at a large pharmaceutical company like AstraZeneca has brought me this structure as well as a breadth of skills in manufacturing, customer service, quality management, information systems and so on.

I know enough in each area to kick things off and then let the leaders continue the process. The focus has also been to find the leaders with right experience but also the right mindset. Not everybody coming from Big Pharma is fit to work in a company like Bluefish. From my experience, the people with an unconventional mindset are the ones who succeed.

It has also taught me how to work in a global environment. I have reported to managers located around the world and managed teams in different locations. You need to be able to remember and manage the people you do not see every day.

What would you like to achieve in the next three to five years?

My goal is to continue on this stable growth trajectory in order to build a solid foundation before we IPO in the next few years.

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