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'Open For Business' – R&D Partnerships Key To Stada's Ambitious Growth Strategy

by [David Ridley](#)

R&D partnerships are key to Stada's ambitious growth strategy, the company's new CHC innovation chief, Steve Makin tells HBW Insight, in the second part of an exclusive interview. CBD and probiotics are particularly exciting areas within the post-COVID wellness/prevention mega-trend, he says, in which Stada is already making headway with new products.

Stada Arzneimittel has kept its foot on the gas over the last few months, despite the challenges posed by the coronavirus pandemic.

Posting a 22% growth in turnover at its Branded Products business in the first half of the year – with a series of consumer health acquisitions across Europe and Asia driving up sales – the German group has hinted at further deals in the coming months. (Also see "[Stada Hints At Further Deals To Come As It Posts Big Sales Rise](#)" - HBW Insight, 27 Aug, 2020.)

Moving into the lucrative US consumer healthcare market is top of the list, Stada CEO Peter Goldschmidt recently told HBW Insight, with further investments in the Asia Pacific region also high on the agenda. (Also see "[Stada's Goldschmidt Looks To Take Consumer Health Global](#)" - HBW Insight, 19 Jun, 2020.)

Partnerships are an important way of breaking into these markets, Goldschmidt suggested – a method that has seen success in Stada's specialty generics business.

In a second interview with HBW Insight, the firm's new vice president of consumer healthcare product development, Steve Makin, talks about how Stada's partnership strategy is also being explored with regards to OTC innovation. (Also see "[OTC Innovation In An Age Of Pandemics – Q&A With Stada's New R&D Head Stephen Makin](#)" - HBW Insight, 28 Oct, 2020.)

While Stada is investing heavily in its own innovation capacities – with new innovation centres

across the world – Makin reveals that the company is also looking for innovation partners, such as academics, inventors and start-ups.

On innovation, Makin points to progress already made in the food supplements segment – cannabidiol (CBD) and probiotics specifically – as well as potential for Rx-to-OTC switches. (Also see "[Stada's Nature's Aid Submits CBD Novel Food Application](#)" - HBW Insight, 30 Jun, 2020.)

Q In a recent interview, Stada CEO Peter Goldschmidt said the firm is looking at partnerships as a way to achieve its ambitious growth strategy. Does this apply also to innovation?

A In one line, we are open for business. I've seen organizations trying to do everything internally and others trying to do everything externally. For me, it's the hybrid model that works the best. It would be very arrogant of us to say that we are placed to develop all the products in the portfolio, that's certainly not the case. If anything, we would like to encourage the approaches that we get from academics and inventors and third parties. We can't have too many ideas, if there's ideas that come in that we don't think are technically feasible or are of no commercial interest then we can say "thanks but no thanks, we wish you all the very best of luck."

Q How crucial is this kind of innovation to meeting the company's growth targets?

A We've seen a gear change in our growth strategy which requires us to innovate. Part of this is about consistent communication from the organization saying, "we are fast growing, we're agile but we are interested in new ideas because we want to innovate and partner with people." We want to meet the growth aspirations of Thornton & Ross and of Stada, and this kind of innovation will play a really important role in that growth strategy. But also, like I said, it would be hugely arrogant of us to think that we can do everything internally the best. There are some areas I think we can develop the best OTC products. There are other areas where some of our external partners know more than we do. We can't be experts in everything, nobody can.

Q Going back to wellness, which you identified as a long-term trend accelerated by the coronavirus, how does the food supplements segment of consumer

health fit into Stada's innovation strategy?

A As I said before, I want to take Stada's innovation strategy in a more holistic direction, responding to the trend for wellbeing among consumers. I've been almost evangelical about this over the years and I won't have wished this pandemic on anybody but it's quite nice to see the wellness trend being accelerated. People taking more responsibility for their overall health I think is a real change in mindset that this has accelerated. Also, if you look at Stada in UK, for example, we have a real presence in the wellness segment with Thornton & Ross and particularly Nature's Aid.

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At Nature's Aid, we've really noticed these changes in consumer behaviors, not just in volume growth but also in the types of supplements that people are buying. Sales of vitamin C, vitamin D, probiotics, and zinc have all increased significantly. While some of this is a knee-jerk reaction, with people trying to improve their immunity in the face of the coronavirus pandemic, I do think that it will lead to a long-term shift towards a proactive approach to health. Alongside Nature's Aid in the UK, we've got great food supplement brands like Probielle in Germany, and we recently acquired Walmark in the Czech Republic, which has got a very rich heritage in marketing nutritional supplements across Europe.

Q You mentioned Probielle – how do you think about the opportunity in the fast-growing probiotics segment of the supplements market?

A If you were to ask me what the most important wellness trends in recent years were, one would be the role of fasting in health and the second would be the number of bodily systems that the gut microflora can influence. It is vast subject and in some

cases the data is only now emerging, but the role of probiotics and supplementing or modifying the gut microbiome is an area that we should really watch very closely. A decade ago, nobody would have thought that there was a gut-brain axis – a means of communication between the bacteria that inhabit the intestinal epithelium and the brain. However there is, and we know there is a significant link between the two and there is evidence now being generated in the areas of dementia, Parkinson's Disease, and other diseases of the central nervous system and in other bodily systems.

Q What about CBD? This is another exciting area in wellness, and one that Stada – via its Nature's Aid subsidiary in the UK – has already stepped into.

A Again, there is now recognition that there are receptors in the body for endogenous cannabinoids. The impact that can have on multiple body systems is a bit of a revelation. However, research and regulation for CBD is lagging behind consumer behavior at the moment, in my opinion. The only licensed indication for CBD is refractory epileptic seizures in children, and only as a prescription-only medicine. Meanwhile, CBD has been embraced by the public and by consumers and you can't argue with somebody who has chronic pain and takes CBD and gets relief. Whether that's a placebo effect or whether it's a real effect, it's academic to the individual, they are getting pain relief.

Q What role do you think prescription-to-OTC switch has for innovation today?

A I think there will always be an opportunity for the right switches in any given market. If you look at the UK market, there is a rich heritage of switched OTC products. There's been a really good pipeline of switched molecules that have really made a difference for consumers, for example ibuprofen. There have also been switches that have not gone particularly well, not because there wasn't a need, but because of what people had to do to get the product even after it was switched. Take sumatriptan in the UK as an example. For people who suffer from migraine, it was probably welcome.

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But I remember as a pharmacist having to go through the algorithm and controls that were required to give somebody sumatriptan over the counter. It was going to take half an hour of your time to navigate through that. It may have just been easier for the consumer to go to the doctor. Nevertheless, Rx-to-OTC switch is always an area to monitor and to pursue if you think there's an opportunity there. But you've got to balance two things. One, the likelihood of success, the likelihood that you're going to be able to successfully navigate the regulatory landscape. Two, the consumer need and therefore the size of the opportunity. Those two things have to be balanced.

Q Are there any ingredients, categories or indications that Stada is looking at switching?

A This is an area we're constantly evaluating and, as you might predict, there are a number of products and molecules we have an interest in. Even in the larger consumer healthcare categories, such as analgesics and cough/cold, there may still be switch opportunities. Like I said, you have to be pretty certain that one, it's going to stand a reasonable chance of success and two, that your efforts in terms of time and investment are going to make financial sense.