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Friulchem (Aim) – “Veterinary Business Unit strategies are confirmed as winners”

"Friulchem's Veterinary Business Unit is dedicated to the processing of active ingredients for the production of semi-finished and finished products and dietary supplements, as well as the study of innovative and effective systems for administering products to animals," begins Disma Giovanni Mazzola, CEO of Friulchem, in an interview with Market Insight.

"This Business Unit", continues the CEO, "represents today and will also represent in the future the dominant division of our industrial activity".

"In 2006 we acquired the Vivaro production plant in Friuli Venezia Giulia and from the beginning it was dedicated exclusively to the production of veterinary products. At the same time we decided not to proceed with new permits for products for human use, leaving in place only those already active".

"Specifically, the products of the Veterinary BU", Mazzola notes, "are aimed at both the livestock segment and that of pets".

"The first of the two," explains the CEO, "is characterized by high volumes of production, which fall into a feeding cycle that takes place twice a day".

"Livestock are to be considered an integral part of the human food chain and for this reason the segment has seen the introduction of increasingly specific rules in recent years that have led to the improvement of the conditions of animals in farms, with a greater focus on hygiene and tightening of processes for obtaining permits to trade in drugs".

"The pet segment", continues Mazzola, "is characterized by lower numeric volumes, in absolute terms, but by products with higher margins".

"After an initial phase in which the Veterinary Business Unit was focused only on production services, we decided to take an additional step, devoting ourselves to research and development in drug delivery (delivery routes) as well for the discovery and launch of products that could facilitate medicine intake by animals".

"Thanks also to constant contacts with farmers and always remaining attentive to the needs of customers, we are still working today to identify solutions to propose, once the route of administration has been developed, to our partners who deal with the marketing of the product".

"It should be noted that in this area", points out Mazzola, "we initially proposed very basic technologies and then developed patented technologies, such as those for chewable tablets FC-CUBE for dogs and cats, and FC-BALL, characterized by electrically charged 'microbeads' containing active ingredient or natural product or complementary feed to be applied with a spray directly on the animals' fur, or in the water in the case of aquaculture, with different applications for large and small animals".

"And all this", says the CEO, "is part of a market, the veterinary market, characterized by better margins because it is smaller than the human one, composed of a few specialized players and where specialized Research and Development can make a difference since there is still an important technological gap".

"A strategy that concerns both pharmaceuticals – which we consider 'cure' solutions – and feed products – considered prevention tools – intended for small and large animals. The latter is the part that we want to continue to follow in the future, also in light of the positive growth prospects of expected consumption".

"Fundamental therefore, for the Veterinary BU", says the CEO, "is research and development, an activity to which Friulchem allocates investments equal to 5-6% of the turnover of the BU itself and 8 internal staff members, as well as leveraging partnerships with external institutions, especially universities".

And that's not all, continues the CEO, because "at the same time we monitor the market to identify possible acquisition opportunities to obtain new delivery technologies and add new services to customers".

"All this with the aim of becoming the leading Italian company for veterinary industry services, both in terms of development and production".

From a commercial point of view, Mazzola reports, "in the case of medicines, Friulchem will operate exclusively as B2B, that is, continuing to utilize a network of distributors".

"In contrast, with regard to supplements and, for the moment, in Italy, we have decided to approach the market directly through the use of new digital technologies, avoiding large distribution channels".

And all this, points out the CEO of Friulchem, "would allow us to have advantages in terms of greater flexibility and visibility, distinguishing us from our competitors".

"In addition, always in the veterinary sector", says the CEO, "we have launched two new partnerships with Emporio Adv and Vet in Rete to support the branding and marketing of Suppleo, the 100% natural range of complementary pet foods for dogs and cats, based on the Italian FC-CUBE® technology patented by Friulchem".

"We have entrusted Emporio Adv, a Friulian company expert in building brands and businesses, and much more, with branding and digital marketing projects for Suppleo".

"Vet in Rete is the first group of veterinarians created to support those who travel on vacation or for work with their pet, offering prevention campaigns and informative courses as well. They will promote Suppleo through their network of veterinary offices and online".

Moving her focus to reference markets, Mazzola recalls that "From the point of view of the Veterinary BU, Friulchem to date almost exclusively exports its production", and that "one of the main reference markets is America, from north to south". A market in which, at the end of 2019, we established Friulchem USA Inc. for the marketing and distribution of feed supplement, or non-pharmaceutical products, for the North American veterinary sector".

“Additionally, last March Friulchem bought a 13% capital share in Pharmabbie Inc, an American company specializing in the development of veterinary medicines to be distributed in the US market through Friulchem's proprietary FC-CUBE® technology, and, again in North America, we have initiated discussions with American companies interested in distributing our products”.

Regarding Latin America, Mazzola recalls, “at the beginning of April Friulchem reinforced its collaboration with one of the largest multinational veterinary companies to market a complementary rehydrating feed with high electrolyte content in Brazil, Chile, and Colombia. Friulchem also holds a 40% representative stake in HVP–LTDA, a Brazilian company formed in May 2019 exclusively dedicated to the registration, marketing and distribution of the Company's products for the Animal Health segment”.

“Other reference markets are countries in Europe and Southeast Asia, including China, where last January we obtained, from the Ministry of Agriculture of the People's Republic of China, registration of a veterinary supplement formulated by Friulchem and produced at the Vivaro plant”.

“Finally, we are in negotiations with distributors in Australia and New Zealand, maintaining our goal of expanding our global presence as much as possible”.