

COMPANY PROFILE

Off to a good start in Asia

Advitech Solutions brings in \$1.4 million with its first sale in Taiwan

by Daniel Allard

Now that it has its own new product leader, **Advitech Solutions** is pushing ahead rapidly. The Quebec company is being very ambitious in its approach to its foreign target markets: the US, Europe and Asia all at the same time.

"We are financed by venture capital and have to produce results," confided company president, **Renaud Beauchesne**, just back from Asia. He leaves again in 10 days for Europe, where he must be in Geneva for the **Vitafoods Show** in May.

The SARS epidemic did not keep him from China where he signed a 4-year distribution agreement with Taiwanese partner, **EnBio-Life**. "An excellent move that will bring in at least \$1.4 million in sales the first year. The first deliveries go out in June," Beauchesne specified, indicating the contract on his desk. The Quebec company gains a partner for whom Canadian distribution is not a first, since EnBio-Life already distributes **AXCAN** products. The other main advantage EnBio-Life offers is the ability to provide access to the market in mainland China.

Advitech also has what it takes to attract partners. Unlike most natural products, Advitech's are backed by clinical studies. The company, which specializes in the field of biotechnology and research on milk proteins, straddles both the natural products industry and the pharmaceutical. Their business is anything but ordinary: the marketing of bioactive peptides obtained through the hydrolysis of whey protein using digestive enzymes. This procedure mimics the body's natural protein splitting process, whereas the pharmaceutical industry generally relies on chemical synthesis to create peptides for drug bases. The make-up of the resulting peptides is often not a

good match with those found in nature, leading to side effects. Advitech also underlines the difference between its products and herbal products, whose organic components are divided through use of solvents!

A procedure which imitates the body's natural protein splitting process

Wisely taking their inspiration from nature, Advitech keeps in mind that some 4,000 species of mammals on earth produce milk to nourish their young. It is already accepted without question that milk is good for young and old alike. Building on these facts, Advitech's team of university researchers have confirmed that lactoserum, the ever-popular whey, offers numerous advantages: some of the peptides extracted are recognized as having antioxidant, immunostimulant or antihypertensive properties.

The **BIOZEN** promotion talks about a "*scientific revolution in natural products.*" BIOZEN, now headed for Asia, is not a drug as such. It does not claim to cure. It belongs in the natural health category, but at the head of the pack with its scientific support. "*Midway between the pharmaceutical formulas available through prescription and natural products from various sources, BIOZEN is undoubtedly one of the most exciting discoveries of the past few decades!*" the promotional pamphlet proudly proclaims.

BUILT ON QUEBEC'S NUTRACEUTICAL INDUSTRY

From its beginning in 1996, the company has relied on its strategic partnership with the researchers at ***l'Institut des nutraceutiques et des aliments fonctionnels (INAF)*** at l'Université Laval. Advitech is proud to be among the few companies in the world (about fifteen) to do research on bioactive peptides derived from milk.

Peptides! So, what is a peptide? Not a word found in my old 1979 Larousse you can be sure! Peptides are a part of what makes up protein. In fact, Advitech's BIOZEN line was formulated by adding activators to selected peptides. The team at Advitech has another advantage: they have mastered the technique of enzymatic hydrolysis (a biochemical procedure entailing the splitting of protein to obtain specific fractions called peptides which are more easily absorbed by the body). With their extensive experience in the field, the team is able to obtain the same sequence of peptides every time. No small matter, since it ensures maximum benefit from the bioactive properties of milk peptides. This line of all-natural products is uniquely conceived from proteins, and therefore is fat- and lactose-free, offering only the best in milk.

Three types of peptides are used in BIOZEN's six products. From these, the BIOZEN products are formulated to stimulate or maintain the balance of six different physiological functions: nervous system, cardiovascular function, immune system, bone mineralization, glucose metabolism and intestinal flora. They are made from natural peptides to which activators such as vitamins A, B, C, D or E, folic acid and minerals (zinc and iron) are added. Having agreed to try the anti-stress product, (**BIOZEN-Relax**), I can confirm that it takes effect within an hour; a must for ensuring a good night's sleep!

100 million capsules per year

If you go by the Advitech offices at 650 du boulevard Père-Lelièvre, don't let appearances fool you. The brick archway gracing the entrance to #170 gives no indication of the impressive installation inside. Advitech holds a pharmaceutical license from **Health Canada** for production, a valuable certification. All materials that come into Advitech must pass through quarantine. The warehouse has a section just for this. At the present, the equipment only produces capsules. "We don't make liquid or tablets even though our license authorizes it. It's a question of equipment," explains quality control supervisor, **Louise Belanger**, while giving tour of the place to the journalist, now attractively attired in the mandatory white hat, lab coat and shoe covers. The company is nevertheless capable of manufacturing 100 million capsules a year, a capacity which can be tripled to 300 million by putting on three 8-hour shifts a day. In May, the company had 53 employees working for them.

This capacity for production doesn't only handle the new house brand BIOZEN, but since the company's beginning, has been its bread and butter. Previously, production was devoted entirely to private brands and bottling contracts. In fact, the bottling assembly line was busy with an order of products for a well-known Quebec chain of pharmacies during the visit. Advitech also produces the **Promedis** line, which it created several years ago then sold to Ontario company **Jamieson**, and which it still manufactures for them.

THE MARKETING CHALLENGE

Through an exclusive distribution agreement with **Lalco Laboratory** for Quebec (Canada), the BIOZEN line has been available in pharmacies and other retail outlets across Quebec since November 2002. Marketing, however, was not launched until January 2003. At the time of this interview (end of April), the product was being test-marketed in Ontario, with tests in Belgium projected for May and negotiations underway for the Italian market. Add a

contract signed in Taiwan at the beginning of April and the current push by the management to break into the American market and you can see that Advitech spares no effort when it comes to marketing.

We can only hope that all this effort, in so many directions at once doesn't present a problem for management. Meeting the challenge of marketing on the international scene is never easy and it is usually recommended to focus on one target at a time.

"Sales in the US are already over \$1 million." The **PROZEN** line for health professionals is already being distributed there. But according to the president, the bulk of the work remains to be done: "The American market is definitely our biggest; a market I have yet to find the right opening for... as for the rest," he continues, "We develop wherever opportunity arises." Since April, therefore, his team has been relying heavily on the newly acquired expertise of a Quebecer who operated two health product franchises in Arizona for six years. **Lyne Dubois**, graduate of l'Université Laval, now faces the challenge of finding the key that will open the US market to Advitech in the near future. One thing is certain; the director of sales and marketing will take part in the next **Natural Products Expo West** in Anaheim, California and the East Coast counterpart to this specialized trade show, the **NPEE** (Natural Products Expo East), usually held in Baltimore.

WHY ASIA?

What pushes this Advitech executive to develop the Asian markets at the same time? "In 1999, I participated in a virtual mission organized by the Quebec government. Around twenty companies made first contact through a video-conference call. A bit later on, we decided to set foot on the Asian continent ourselves to explore the market," recounts Renaud Beauchesne. It is a step that has just seen its first returns. This is only a beginning for Advitech who is thinking big. Very big!

"One of the advantages of EnBio-Life is that it offers us a chance at entering the market in mainland China," he says. But his sights are also set on South Korea, Japan and Indonesia, where activities are already underway.