

Healthcare industry BW

ChemCon – and how an ideal niche was found and occupied

At first sight, the business idea seems somehow strange: Who would deliberately choose to develop and produce pharmaceutical substances that are hardly required and if so, only in small quantities. Dr. Raphael Vogler and Dr. Peter Gockel, the founders and owners of Freiburg-based ChemCon GmbH, have done exactly that - and found an ideal niche for their company. Even the largest companies of the industry are benefiting from ChemCon's know-how and commission the Freiburg entrepreneurs to produce very special substances – "orphan drugs".

An "orphan drug" is any drug for the treatment of very rare diseases. These substances are only required sporadically and are highly effective even in the smallest quantities. The majority of orphan drugs are cytostatic drugs for the treatment of cancer. The product CC 3 (CC stands for ChemCon, 3 for third successful product development), for example, is a substance for the treatment of children suffering from leukaemia.

Successful completion almost 100 per cent certain



The core of the company: GMP production would not be possible without cleanroom facilities
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Usually, and depending on the active ingredient required, ChemCon produces about 20 to 150 kilogrammes per year. "It is not easy to establish a profitable company based on this concept," admits Raphael Vogler. "However, companies that are able to produce very small quantities of active drug ingredients under GMP conditions are able to occupy a market niche. This is what we have done." In the pharmaceutical industry, GMP means that drugs are produced under standardised, strictly controlled conditions. The European Union and the American FDA have published special guidelines dealing with GMP production.



A comprehensive library is useful to solve tricky problems.
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Clients who commission ChemCon to produce a pharmaceutical substance must already have “a specific molecule in mind and should be able to draw it on paper,” said Vogler. The chemical structure serves as the basis for synthesizing the desired substance. “Our chemistry laboratories are equipped with all that is needed for process development,” said the company director. Usually, for Vogler, process development means that ChemCon supports the client all the way up to when the product reaches market maturity and also takes over the production of the drug. “This is the ideal situation. Pure development products are very difficult to calculate,” said Vogler who is proud that ChemCon has been able to successfully complete 98 per cent of the chemical developments the company has been commissioned to produce. 10 of these substances are already on the market.

Weak dollar forces company to look for new markets

In the past, ChemCon used to earn a high proportion of its revenues in the USA and Canada. Gockel, co-owner of the company, therefore decided to settle in the USA a few years ago and take care of the client base on that side of the Atlantic. Consulting is, after all, an integral part of the company’s service. However, more recently, the company has come to face serious problems because of the weak dollar. That is why the company, which is located in the Freiburg Technology Park, is looking for alternatives to the American market. “In 2007, we gained 55 per cent of our revenues in Europe, and we hope to reach about 70 per cent in 2008,” said Vogler, who also sees promising markets in emerging Asian countries in addition to Japan where the company is already doing successful business. “We are unable to compete with the cheap prices in India and China,” admitted Vogler frankly, adding that Africa and South America are not areas where they are likely

to make money in the near future. However, Vogler is optimistic to find new markets in Australia and New Zealand, where he hopes to find new clients. He also foresees interesting prospects in Israel.



Aesthetics that provide a solution – round bottom flasks used for the production of active ingredients.
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Vogler is not at all concerned about the growing focus of the pharmaceutical industry on biological drugs. Many insiders assume that substances such as antibodies, hormones or coagulation factors have a great future. However, Vogler is sure that drug development will continue to involve classical chemistry. "And this will not change in the next 500 years."



Pure chance and successful change – the history of ChemCon

Raphael Vogler and Peter Gockel met at the University of Freiburg in 1994 where they worked on

their doctoral theses and were also involved in a small, third-party-funded project. In January 1997, they founded the company Chemical Consulting, ChemCon for short. Their original plan was to establish a company that is exclusively focused on consulting services. However, the American company that financed their small project back in 1994 contacted them and asked them to synthesize a chemotherapeutic drug under GMP conditions. Vogler and Gockel invested in a cleanroom that was subsequently certified by the American FDA as a GMP laboratory. Thus, their chemical consulting company became a company that develops and produces active drug ingredients and that currently employs a staff of 53.

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