

# Kernfarm penetrates pharmaceutical market

In a market where established pharmaceutical companies are merging, not out of luxury but out of the necessity to improve efficiency, Kernfarm spotted a gap in the market. This new pharmaceutical wholesaler is slowly broadening its distribution of livestock medicines.

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Three years ago, the three brothers Van Rijn - Diederik, Tim and Gijs - started a new company trading in veterinary products for livestock: Kernfarm. They saw the opportunity that resulted from the many acquisitions in the veterinary sector, both producers and wholesalers. Customer relationships and needs are changing and Kernfarm aims to specifically address the needs of customers today and in the future.

Kernfarm settled 2.5 years ago in a strategic location in the middle of the Netherlands, close to Schiphol airport. Since then, the company has grown steadily and the size of the facilities have doubled in recent months.

## International pharmaceutical roots

The world of international pharmacy is not unknown territory for the brothers. Diederik studied several years of veterinary medicine and worked for a long time in the pharmaceutical veterinary world. Tim and Gijs gained a lot of experience in sales and business development internationally. "It was not easy and there were quite a few hurdles to start a business like Kernfarm" confirms Diederik. "For the marketing of veterinary medicines, you need GMP certification. Plus the requirements for a relatively small party like Kernfarm are just as high as for a major pharmaceutical, it's tough. But Kernfarm succeeded and very quickly achieved GMP approved status. In addition, the pharmaceutical market is dominated by a few big players which makes it hard for a newcomer in the market. Kernfarm has managed to make a success of their business model. What is their strategy?"

## Parallel import

The company began with the importation of so-called parallel products. These products are often bought-in

from outside the Netherlands "We strive to achieve a 10% price difference with buy-in prices in NL" says Diederik. "Initially, parallel trade of immunological products (vaccines) was not possible because the documentation required approval from the producing pharma. Kernfarm approached the EU authorities whom subsequently changed the law opening the way for parallel trade in vaccines. Parallel imports are only interesting if there is a sufficient margin between prices in different countries. This difference in prices created the pharmaceutical companies

we look at whether we can obtain it somewhere else in Europe or further afield so that it remains available. And if veterinary surgeons need a remedy for a particular disease, we will search until we find it. An example is a vaccine against botulism, found in South Africa. A botulism vaccine is not registered in the Netherlands and therefore, according to the import regulations this product may only be used in at the request of veterinarians in an emergency situation". We are trying to get it officially registered so that it complies with all legal registration requirements", says Diederik.

**'We look to see if the pharmaceutical is available somewhere else in the world'**

themselves" says Diederik. The brothers acknowledge that their activities are not appreciated by some of the other veterinary pharmacists. Tim: "In human pharma, parallel imports are very normal, in the veterinary market this is new. Our activities therefore have not gone unnoticed in the market: prices are being challenged and products are being offered at a fairer price" And what does the vet think about it? Diederik: "Veterinarians also talk with colleagues abroad. They are not happy if the pharmaceutical company in the Netherlands asks for a higher price for the product than abroad. In addition, vets are often bound to a one size fits all package to get the maximum discount. Kernfarm offers the opposite, a flexible approach where the veterinarian has choice over their purchasing decisions."

## Niche products

In addition to parallel imports, Kernfarm aims to make niche products available for the Dutch market, but also in other European countries if there is demand. "Pharmaceuticals sometimes allow products to go out of stock if the demand is not high enough. When this happens

The van Rijn brothers are also working with other smaller pharmaceutical companies to assist them to get their products to market. These are generally smaller pharma companies who do not have enough knowledge to get their products known internationally. For example Kernfarm is currently working with a Czech company to get a vaccine for ringworm registered.

The three van Rijn brothers  
(left to right): Gijs, Tim and Diederik

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